OFFICIAL STATEMENT

NEW/RENEWAL ISSUE | **BOND ANTICIPATION NOTES**

In the opinion of Bond, Schoeneck & King, PLLC, Syracuse, New York, Bond Counsel, assuming continuing compliance by the City with its covenants relating to certain requirements contained in the Internal Revenue Code of 1986, as amended (the "Code"), interest on the Notes is not includable in the gross income of the owners thereof for Federal income tax purposes under existing statutes and court decisions. Moreover, interest on the Notes is not an "item of tax preference" for purposes of the individual alternative minimum tax imposed by the Code. Interest on the Notes is exempt from personal income taxes imposed by the State of New York or any political subdivision therein (including The City of New York). See "TAX MATTERS" herein for discussion of certain Federal taxes applicable to corporate owners of the Notes.

The Notes will not be designated as "qualified tax-exempt obligations" under Section 265(b)(3) of the Code.

$35,478,850

CITY OF TROY

RENSSELAER COUNTY, NEW YORK

$35,478,850 Bond Anticipation Notes, 2019

(the "Notes")

Dated: February 7, 2019 | **Due: February 7, 2020**

At an Interest Rate of 3.00% to Yield 1.75%
CUSIP #897574 WX3

The Notes are general obligations of the City of Troy, Rensselaer County, New York (the "City"), all the taxable real property within which is subject to the levy of ad valorem taxes to pay the Notes and interest thereon, subject to applicable statutory limits imposed by Chapter 97 of the Laws of 2011 of the State of New York. See "TAX INFORMATION – Tax Cap Law" herein.

The Notes are not subject to redemption prior to maturity.

The Notes will be registered in the name of Cede & Co. as nominee of The Depository Trust Company (DTC), New York, New York, which will act as the securities depository for the Notes. Noteholders will not receive certificates representing their ownership interest in the Notes purchased. Payment of the principal of and interest on the Notes to the Beneficial Owner of the Notes will be made by DTC Participants and Indirect Participants in accordance with standing instructions and customary practices. Payment will be the responsibility of the DTC, subject to any statutory and regulatory requirements as may be in effect from time to time. See "BOOK-ENTRY-ONLY SYSTEM" herein.

The Notes are offered when, as and if issued and received by the purchaser and subject to the receipt of the respective approving legal opinions as to the validity of the Notes of Bond, Schoeneck & King, PLLC, Syracuse, New York, Bond Counsel. It is anticipated that the Notes will be available for delivery in Jersey City, New Jersey, or as may be agreed upon, on or about February 7, 2019.

January 23, 2019

THIS REVISED COVER SUPPLEMENTS THE OFFICIAL STATEMENT OF THE CITY DATED JANUARY 16, 2019 RELATING TO THE OBLIGATIONS THEREOF DESCRIBED THEREIN AND HEREIN BY INCLUDING CERTAIN INFORMATION OMITTED FROM SUCH OFFICIAL STATEMENT IN ACCORDANCE WITH SECURITIES AND EXCHANGE COMMISSION RULE 15C2-12. OTHER THAN AS SET FORTH ON THE REVISED COVER, THE REVISION OF THE "RATING" SECTION AND THE REVISION OF THE DATED DATE ON PAGE 33 THERE HAVE BEEN NO REVISIONS TO SAID OFFICIAL STATEMENT.

OPPENHEIMER & CO.

CITY OF TROY

RENSSELAER COUNTY, NEW YORK

CITY OFFICIALS

WM. PATRICK MADDEN
Mayor

MONICA KURZEJESKI
Deputy Mayor

CITY COUNCIL

CARMELLA MANTELLO
City Council President

JIM GULLI
MARK MCGRATH
COLEEN MURTAGH PARATORE
ANASHA CUMMINGS
DAVID BISSEMBER
TIMOTHY J. KENNEDY

* * * * * * * *

ANDREW PIOTROWSKI
Deputy City Comptroller

MARA DROGAN
City Clerk

JAMES A. CARUSO
Corporation Counsel

FISCAL ADVISORS & MARKETING, INC.
Municipal Advisor

BOND SCHOENECK & KING
Bond Counsel

No person has been authorized by the City to give any information or to make any representations not contained in this Official Statement, and, if given or made, such information or representations must not be relied upon as having been authorized. This Official Statement does not constitute an offer to sell or solicitation of an offer to buy any of the Notes in any jurisdiction to any person to whom it is unlawful to make such offer or solicitation in such jurisdiction. The information, estimates and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City.

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PREPARED WITH THE ASSISTANCE OF

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OFFICIAL STATEMENT OF THE

CITY OF TROY
RENSSELAER COUNTY, NEW YORK

Relating To

$35,478,850 Bond Anticipation Notes, 2019

This Official Statement, which includes the cover page and appendices, has been prepared by the City of Troy, Rensselaer County, New York (the "City," "County," and "State," respectively) in connection with the sale by the City of $35,478,850 Bond Anticipation Notes, 2019 (referred to herein as the “Notes”).

The factors affecting the City’s financial condition and the Notes are described throughout this Official Statement. Inasmuch as many of these factors, including economic and demographic factors, are complex and may influence the City’s tax base, revenues, and expenditures, this Official Statement should be read in its entirety.

All quotations from and summaries and explanations of provisions of the Constitution and laws of the State and acts and proceedings of the City contained herein do not purport to be complete and are qualified in their entirety by reference to the official compilations thereof, and all references to the Notes and the proceedings of the City relating thereto are qualified in their entirety by reference to the definitive forms of the Notes and such proceedings.

DESCRIPTION OF THE NOTES

The Notes are general obligations of the City, and will contain a pledge of its faith and credit for the payment of the principal of and interest on the Notes as required by the Constitution and laws of the State (State Constitution, Art. VIII, Section 2; Local Finance Law, Section 100.00). All the taxable real property within the City is subject to the levy of ad valorem taxes to pay the Notes and interest thereon, subject to certain statutory limits imposed by Chapter 97 of the Laws of 2011, as amended. See “TAX INFORMATION –Tax Cap Law” herein.

The Notes are dated February 7, 2019 and mature on February 7, 2020. Interest will be calculated on a 30-day month and 360-day year basis, payable at maturity.

The Notes will be issued in registered form at the option of the Purchaser(s) either (i) requested in the name of the purchaser, in denominations of $5,000 or integral multiples thereof, except for one necessary odd denomination, as may be determined by the successful bidder(s); or (ii) registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York ("DTC") which will act as the securities depository for the Notes. See "BOOK-ENTRY-ONLY SYSTEM" herein.

No Optional Redemption

The Notes are <u>not</u> subject to redemption prior to maturity.

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Purpose of Issue

The Notes are being issued pursuant to the Constitution and statutes of the State of New York, including among others, the City Law, the Local Finance Law and various bond ordinances.

$17,185,000 of the Notes, along with $2,106,733 available funds of the City, will redeem and renew $19,291,733 bond anticipation notes maturing on February 8, 2019 for the following purposes:

Purpose	Amount to be Issued
Court and Police Facilities Renovation	$ 1,435,000
Fire Equipment	677,000
Ambulance	55,000
Spring Avenue Bridge	435,000
Pedestrian Connector at Riverfront Park	1,030,000
Sea Wall (2nd Phase)	3,935,000
Court and Police Facilities Renovation (2nd Phase)	975,000
South Troy Roadway	1,045,000
Bike Trail	489,000
Powers Park Rehabilitation	434,000
Water Tank Reconstruction	3,500,000
2017 General Fund Capital Plan – DPW Renovations	175,000
2017 General Fund Capital Plan – Ventrac Mowers	50,000
South Troy Roadway	250,000
Road Construction (Cambell/Brunswick)	1,500,000
Marina/Boat Launch Reconstruction	100,000
Dam Reconstruction	1,100,000
	$17,185,000

The proceeds of the Notes in the amount of $18,293,850 will provide new monies for the following purposes:

Purpose	Amount to be Issued
Ingalls Avenue Boat Launch	$ 407,850
Ingalls Avenue Boat Launch	250,000
Seawall	9,000,000
Building Demolition	200,000
Fire Pumper	600,000
Ambulance	175,000
South Troy Pool	1,400,000
Police Vehicles	418,000
FARO Scanner	58,000
Facility Renovations	120,000
Knickerbacker Ice Rink	550,000
DPW/Recreation - Vehicles	310,000
DPW/Recreation – Park Improvements	300,000
DPW/Recreation – Aerators	55,000
Police – Body Cameras	250,000
Fire Fighting Vehicle -SUV	45,000
Fire Department – Campbell Ave Firehouse	50,000
Garbage Claw Truck	355,000
Knickerbacker Pool Reconstruction	500,000
South Troy Roadway	2,000,000
Road Construction	250,000
Marina/Boat Launch Reconstruction	1,000,000
	$18,293,850

BOOK-ENTRY-ONLY SYSTEM

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Notes, if requested. The Notes will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Note certificate will be issued for Notes bearing the same rate of interest and CUSIP number, and will be deposited with DTC.

Purchases of Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Notes on DTC's records. The ownership interest of each actual purchaser of each Note ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Notes are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Notes, except in the event that use of the book-entry system for the Notes is discontinued.

To facilitate subsequent transfers, all Notes deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Notes with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such Notes are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Principal and interest payments on the Notes will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC or the City subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to DTC is the responsibility of the City disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Notes at any time by giving reasonable notice to the City Under such circumstances, in the event that a successor depository is not obtained, Note certificates are required to be printed and delivered.

The City may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Note certificates will be printed and delivered.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the accuracy thereof.

Source: The Depository Trust Company.

THE CITY CANNOT AND DOES NOT GIVE ANY ASSURANCES THAT DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC WILL DISTRIBUTE TO THE BENEFICIAL OWNERS OF THE NOTES (1) PAYMENTS OF PRINCIPAL OF OR INTEREST ON THE NOTES, (2) CONFIRMATIONS OF THEIR OWNERSHIP INTERESTS IN THE NOTES, OR (3) OTHER NOTICES SENT TO DTC OR CEDE & CO., ITS PARTNERSHIP NOMINEE, AS THE REGISTERED OWNER OF THE NOTES, OR THAT THEY WILL DO SO ON A TIMELY BASIS, OR THAT DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS WILL SERVE AND ACT IN THE MANNER DESCRIBED IN THIS OFFICIAL STATEMENT.

THE CITY WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATIONS TO DTC, THE DIRECT PARTICIPANTS, THE INDIRECT PARTICIPANTS OF DTC OR THE BENEFICIAL OWNERS WITH RESPECT TO (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC; (2) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL AMOUNT OF OR INTEREST ON THE NOTES; (3) THE DELIVERY BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC OF ANY NOTICE TO ANY BENEFICIAL OWNER THAT IS REQUIRED OR PERMITTED TO BE GIVEN TO OWNERS; OR (4) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE REGISTERED HOLDER OF THE NOTES.

THE INFORMATION CONTAINED HEREIN CONCERNING DTC AND ITS BOOK-ENTRY SYSTEM HAS BEEN OBTAINED FROM DTC AND THE CITY MAKES NO REPRESENTATION AS TO THE COMPLETENESS OR THE ACCURACY OF SUCH INFORMATION OR AS TO THE ABSENCE OF MATERIAL ADVERSE CHANGES IN SUCH INFORMATION SUBSEQUENT TO THE DATE HEREOF

Certificated Notes

DTC may discontinue providing its services with respect to the Notes at any time by giving notice to the City and discharging its responsibilities with respect thereto under applicable law, or the City may terminate its participation in the system of book-entry-only system transfers through DTC at any time. In the event that such book-entry-only system is discontinued, the following provisions will apply:

The Notes will be issued in registered form registered in the name of the Purchaser in denominations of $5,000 or integral multiples thereof, except for one necessary odd denomination. Principal of and interest on the Notes will be payable at the City. The Notes will remain not subject to redemption prior to their stated final maturity date.

THE CITY

General Information

The City which is the County Seat of Rensselaer County (the "County") has a land area of approximately 11 square miles and an estimated population of 49,565 (2017 U.S. Census estimate). With a picturesque river waterfront, the City is located several miles north of the City of Albany near the juncture of the Erie and Champlain canals, via the Hudson River and is the terminus of the New York Barge Canal. It is the distributing center for a large area.

The City is south of Washington County and is situated in the center of beautiful surrounding countryside. On the east are the Berkshire Hills of western Massachusetts, south is the valley of the Hudson, west the valley of the Mohawk, and on the north the Adirondack Mountains.

Airline service is provided at the Albany International Airport. Railway service is provided by Amtrak. An extensive network of highways includes U.S. Route Number 4 and New York State Routes Number 2 and Number 7 which connect Troy with the Albany-Schenectady area.

Source: City officials.

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Selected Wealth and Income Indicators

Per capita income statistics are available for the City, County and State, and are listed below.

	Per Capita Income			Median Family Income		
	2000	2006-2010	2012-2016	2000	2006-2010	2012-2016
City of:						
Troy	$ 16,796	$ 20,736	$ 21,919	$ 38,631	$ 44,750	$ 49,939
County of:						
Rensselaer	21,095	27,457	31,529	52,864	68,390	79,545
State of:						
New York	23,389	30,948	34,212	51,691	67,405	74,036

Note: 2013-2017 American Community Survey estimates are not available as of the date of this Official Statement.

Source: U.S. Census Bureau, 2000 census, 2006-2010 and 2012-2016 American Community Survey data.

Major Employers

Some of the major employers located within the City are as follows:

Name of Employer	Type of Business	Number Employed
Rensselaer County	Government	1,700
Rensselaer Polytechnic Institute	Education	1,700
Northeast Health	Health Care/Hospital	1,480
Seton Health	Health Care	1,430
State of New York	Government	1,370
Troy City School District	Education	625
City of Troy	Government	537
The Sage Colleges	Education	450
Commission on Economic Opportunity	Comm Service Provider	400
Lansingburgh Central School District	Education	335
Unity House of Troy	Human Services	300
Value Rx	Health Care	130
Apprenda	Enterprise/Cloud Software	120
National Grid	Utility	100

Source: City Officials.

Unemployment Rate Statistics

Unemployment statistics are available for the City, County and State as follows:

Annual Average

	2009	2010	2011	2012	2013	2014	2015	2016	2017
Troy City	9.0%	9.4%	9.5%	9.7%	8.4%	6.7%	5.9%	5.5%	5.6%
Rensselaer County	7.4%	7.8%	7.6%	7.7%	6.7%	5.4%	4.6%	4.3%	4.5%
New York State	8.3%	8.6%	8.3%	8.5%	7.7%	6.3%	5.3%	4.8%	4.7%

2018 Monthly Figures

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Troy City	6.0%	6.0%	5.4%	5.2%	4.6%	5.3%	5.7%	5.5%	4.4%	4.0%	3.9%	N/A
Rensselaer County	5.2%	5.4%	4.9%	4.3%	3.6%	4.0%	4.0%	3.9%	3.4%	3.1%	3.1%	N/A
New York State	5.1%	5.1%	4.8%	4.3%	3.7%	4.2%	4.2%	4.1%	3.8%	3.6%	3.5%	N/A

Note: Unemployment rates for the month of December of 2018 are not available as of the date of this Official Statement.

Source: Department of Labor, State of New York. Figures not seasonally adjusted.

Education and Cultural Facilities

Three colleges are located in the City: Rensselaer Polytechnic Institute, with a campus extending over 275 acres in the eastern elevated region of the City; Sage Colleges, occupying ten blocks in the central part of the City; and Hudson Valley Community College, occupying a 70-acre campus in the southern portion of the City.

Two public school systems serve the City. The Troy City School District serves the major portion of the City and the Town of Brunswick. The Lansingburgh Central School District serves the northern portion of the City as well as two towns beyond the City limits. Many school facilities of both districts supplement the City's recreation facilities.

The City is also served by two parochial high schools (LaSalle Institute, a military high school, and Catholic Central High School), in addition to seven parochial elementary schools. The City also includes a boarding school for girls in grades 9-12, called the Emma Willard School and a charter school.

In 2009, Uncommon Schools opened Troy Prep Charter School in South Troy, offering a rigorous college prep public elementary school program that prepares all students to enter and succeed in college. In 2017, they expanded to an additional facility in North Central Troy in order to reorganize and provide secondary education.

Cultural assets include the Troy Savings Bank Music Hall, the Schacht Fine Arts Center Theater Institute at Russell Sage College, the Rensselaer Newman Chapel and Cultural Center, the Curtis R. Priem Experimental media and Performing Arts Center, the Post Contemporary, Collar Works Art Space, the Arts Center of the Capital Region, the Rensselaer County Historical Society, the Hudson-Mohawk Industrial Gateway, the Gardner Earl Chapel, Troy Public Library and the Troy Chromatics Society.

Recent Economic Developments

The diversity of the City's economy continues to grow while the mainstays in higher education and health care continue their campus expansion activities and facility improvements. At the heart of the City, the downtown Business Improvement District (the "BID") contains 598 existing businesses with over 7,000 employees. The City's hospitals and colleges employ over 7,500 people with an enrolled student population of over 20,000—many of whom are located either in or just outside the downtown BID district.

The area Farmers' Market brings in excess of 18,000 people into downtown Troy every Saturday morning. Additionally, events like Troy Night Out, occurring the last Friday of every month, the Riverfront Food Truck Festival, River Street Fest, the Enchanted City Steampunk Festival, the State Kansas City Style BBQ Championship known as Pig Out, Chowder Fest and the summer long Rockin' On the River music series each draw thousands more to downtown.

Recent and planned large scale projects include:

- $6 million renovation of Dauchy Building – completed 2014
    - A 56,000 square foot former commercial building, located in downtown Troy overlooking the Hudson River, is slated to be the home of 25 new market rate rental apartments and ground floor retail.
- $10 million stabilization/partial restoration of the historic Proctor's Theater and office space – completed 2015
- $1.625 million in NYS grant funding for added improvements to Riverfront Park and park linkage projects—Riverfront park access project completed 2015.
- $8 million renovation of the 621-623 River Street, Hudson Arthaus– completed 2015.
    - An 81,000 square foot former manufacturing building located just north of the City's marina district overlooking the Hudson River, is slated to be the home of 80 new rental apartments and artist space.
- $3 million renovation of the River Triangle – completed 2015.
    - A 35,000 square foot former commercial building, located in downtown Troy, is slated to be the home of 20 new market rate rental apartments as well as office and retail space.
- $6,650,000 million construction of additional units located at Stoneledge Apartments (phase 2) – completed 2015.
    - Phase I of this project was completed in 2012. Phase II includes 48 Units of rental housing to be contained within four (4) 2-story building strictures.
- $5,375,000 million renovation of 26 parcels of real property. – project completed 2015
    - The project included improvements to multi-unit residential rental properties with the capacity for approximately 200 individual residential tenants.
- $2,200,000 million renovation of a 5 story commercial building located at 33 Second Street. – completed in 2016
    - The project will include multi-tenanted commercial facilities and 10 market rate apartment units.
- $2,300,000 million adaptive reuse project utilizing historic tax credits for 28 market rate units at School One Lofts, 2920 5th Ave. – completed in 2016

- $99 million renovation of St. Mary's Hospital and Samaritan Hospital under the St. Peter's Health Partners Troy Master Facilities Plan —completed 2017
    - The new five-story inpatient facility features an expanded emergency department, intensive care unit, progressive care unit, medical surgical unit, and a new 550 space parking garage.
    - $40 million College Suites at City Station – completed 2013
    - A multi-structure mixed-use project that is the official graduate student housing community for Rensselaer Polytechnic Institute. Collectively provides in excess of 300 beds, 30,000 square feet of retail space and a 230-car parking garage.
- $21,400,000 million renovation of 13 acres of real property located at 45 Vandenburgh Avenue at the corner of Morrison Avenue and Vandenburgh Avenue – completed in 2017
    - The project will be comprised of five, four story buildings. The residential facility will include seventy-two units of housing containing 268 beds along with related common area space, related exterior access and egress improvements, parking, curbage, site work and landscaping improvements.
- $22,000,000 million renovation of a vacant, 7 story commercial structure located at 599 River Street- beginning 2016.
    - The project, Tapestry on the Hudson, will be converted into 67 mixed-income housing units.
- $7,500,000 million construction and renovation of 2.34 acres of real property located at 548 Campbell Avenue. –completed 2017.
    - The project will be comprised of a 2,460 sf residential structure along with other existing outbuilding(s) and site improvements. The renovation and reconstruction of the existing improvements to be utilized as 33 units of residential rental apartments.
- $1,000,000 million adaptive reuse project to create largest open, shared working and community space in Capital Region at 24 4th street. Geared toward creative business professionals, features private suits for small businesses and startups. – completed in 2017
- $3,605,000 million renovation of approximately 2.74 acres of real property located at 25 Morrison Avenue.
    - The project will be comprised of two, two-story apartment buildings containing 81 residential apartment units along with existing site improvements - Completed
- $18,662,615 million renovation of approximately 1.52 acres of real property located at 515 River Street. – commenced in 2017, completed August 2018
    - 5-story, approximately 75,000 square foot hotel building containing 124 rooms, restaurant and amenity spaces.
- $23,400,000 million combined adaptive reuse project with additional new build at former Troy Record building site, 501 Broadway.
    - Features 101 market rate apartments, tenant amenity space, and ground floor retail with onsite parking. – commenced in 2016 and completed 2018.
- $5,508,251 million renovation of approximately .32 acres of real property located at 200 Broadway.
    - The project site is a seven story, 80,000 square foot mixed use space. The improvements include the conversion of third and fourth floor levels to accommodate up to seventeen (17) residential apartment units.
- $11,000,000 renovation of the Marvin Neitzel Building – commenced in 2017 and is in progress.
    - An 88,000 square foot former manufacturing building located in the City's marina district overlooking the Hudson River is slated to be the home of 74 new, market rate rental apartments.
- $13,508,827 renovation of 2 River Street - the Old Brick.
    - Conversion of an existing 4.5 story masonry warehouse, to 80 market rate rental apartments. Underway, anticipated completion fall 2019
- $38,700,000 new construction at 141 Congress Street – College Station North.
    - 40,000 sf class A office space and 98 market rate apartments with 1st floor indoor parking. Commencing summer 2019
- $3,190,285 renovation a 3.7 acre parcel of land located at 433 River Street.
    - Improvements will include up to 20,000 square feet of additional commercial space on the 9th floor of the building and repurposing of a large ground floor suite into retail. This project will directly and indirectly retain at least 1,025 full time jobs.
- $400,000 of renovations to parcels of land located at or near 547 River Street.
    - The Improvements will enhance and expand internal commercial tenant spaces for continued operation of the existing improvements and improvements as a commercial facility. This project will help to retain at least 400 full time jobs.
- $4,000,000 dollar project at 669 River Street, with 13 market rate apartment units and retail/brewery space. Project underway with anticipated completion in 2019
- $13,500,000 dollar project at 701 River Street, with 80 apartments, and first floor commercial space. – project underway with anticipated completion in 2019
- $4,000,000 rapid transit center project by Capital District Transit Authority located at the Uncle Sam Garage. – commencing in 2019
- $6,000,000 adaptive reuse boutique hotel at 155 River Street, featuring 28 rooms and a jazz bar. – commencing in 2019

- $4,000,000 expansion of Capital Roots Urban Grow Facility to include incubator kitchen, flexible space, and efficiency-rated net zero greenhouses. – commencing in 2019
- $18,682,288 construction of a new 94,000sf apartment building at 134 4th Street (Corner of Congress and 4th).
    - Five-story transit-oriented mixed use building to be built on surface parking lots and vacant bank (to be demolished).
    - 80 market rate apartments, tenant amenity space, approx. 2,000 SF of commercial space on the first floor and on-site residential parking (approx.50 spaces) – commencing in March 2019
- $12,862,462 construction of new, market-rate apartments at 12-14 King Street (Kings Landing), next to Wolff's Biergarten.
    - 52 market rate apartments, tenant amenity space and 41 covered parking spaces for tenant use. – project underway with anticipated completion in 2019
- $28,000,000 apartment project at 244-246 1st St.
    - 84, affordable/mixed-income apartments to be constructed on industrial site with environmental issues. Project includes site remediation using the Brownfield Cleanup Program. Expected to Commence 2019.
- $4,700,000 Oakwood Avenue – New Residential apartment construction with 48 market rate units
  Project underway with completion in stages starting in 2019
- 4,000,000 American Theater – renovation of former theater. Expected commencement 2019

In addition, four popular national franchises have built new locations in the City; McDonald's, Dunkin' Donuts, Sonic and Starbucks. The City is also home to the first ever Bruegger's Bagel Bakery retail store.

The City has recently completed the total redesign and $2.5 million renovation of Riverfront Park, an approximately four-acre park on the Hudson River, stretching from City Hall to the Green Island Bridge. The design was based on an extensive public input process, which led to the creation of a master plan for the site.

The downtown area welcomes high quality market rate residential units, established commercial development, retail and restaurant space. The redevelopment of the former City Hall site will transform a currently underutilized waterfront property into a vibrant destination and serve to strengthen the City's unique and dynamic waterfront.

The City is easily accessible by two major highways from anywhere in the Capital Region. Albany, the State Capitol is less than 15 minutes away; Saratoga and its famed thoroughbred race track are 30 minutes away and the City is easily accessible to those working at the billion-plus dollar high tech economic engines that are the College of Nanoscale Science and Engineering's NanoTech Complex in Albany and Global Foundries semiconductor facility in Malta—both of which employ thousands.

The City's waterfront continues to be an important commercial and tourism asset. A new pier and docks have been completed in the City's southern end and plans are complete for a new boat launch in the North Central area of the City.

Form of City Government

The City Council is the Legislative Branch of government and is composed of seven (7) elected members serving two-year terms. One (1) Council Member represents the City as a whole and six (6) are elected by the residents of each of the six council districts within the City. The at-large council candidate is designated Council President.

The City Council works with the Executive Branch of government within the City to enact laws and pass other legislation that serves as a framework for the ongoing operation of City management. Vital to this process is citizen input and Council members strive to be responsive to their constituents while acting in the best interests of the City as a whole. Much of the work of the City Council is conducted through the committee process and monthly meetings with department heads throughout the City. Taxpayers and residents are afforded a formal opportunity to voice their opinions by attending regularly scheduled meetings before Council members vote on local laws which change the City Charter, other local laws, ordinances and/or resolutions. City Council members are entrusted with the privilege and challenge of helping to improve the City for the betterment of all its residents.

Financial Organization

The City Comptroller, or in the absence thereof the Deputy City Comptroller, is the chief fiscal officer of the City whose responsibility it is to receive, disburse and account for all financial transactions of the City. The chief fiscal officer keeps and maintains the financial records of the City. The chief fiscal officer may, with the Mayor's approval, appoint: the City Treasurer, who is responsible for receiving and disbursing all City funds and collection of all taxes; the City Assessor, who is responsible for the preparation of the assessment rolls of eighteen City wards in the form prescribed and approved by the New York Office and Real Property Services; and the City Purchasing Agent, who is responsible for all purchases of materials, supplies, equipment or work needed by the City.

Budgetary Procedures

The City Mayor submits a proposed operating budget by October 10 for the fiscal year commencing the following January 1. The City Council establishes a date, time and place for a public hearing with public notice duly advertised of such hearing. The Council, at a regular or special meeting held after the public hearing shall by resolution adopt, or amend and adopt, the budget, which budget when adopted shall thereupon become the annual budget of the City for the ensuing fiscal year. The City Council must adopt the budget by December 1.

The City exceeded the tax cap for the 2016 budget, with the City Council approving a property tax rate increase of 4.98% from 2015. The City exceeded the cap due to the rising costs faced specifically in retirement, debt service and healthcare. The proposed tax rate saw a property tax rate increase that exceeded 9%. However, this amount was lowered to the approved rate by thoroughly analyzing each department's expenses and budgeting for them in a more efficient manner.

The City did not exceed the tax cap for the 2018 budget, with the City Council approving a property tax rate increase of 0.95% from 2017.

The City's 2019 budget was adopted on November 29, 2018. The City did not exceed the tax cap for the 2019 budget, with the City Council approving a property tax rate increase of 1.449% from 2018.

Investment Policy

Pursuant to the statutes of the State of New York, the City is permitted to invest only in the following investments: (1) special time deposits or certificates of deposits in a bank or trust company located and authorized to do business in the State of New York; (2) obligations of the United States of America; (3) obligations guaranteed by agencies of the United States of America where the payment of principal and interest is guaranteed by the United States of America; (4) obligations of the State of New York; (5) with the approval of the New York State Comptroller, tax anticipation notes and revenue anticipation notes issued by any New York municipality or district corporation, other than the City; (6) obligations of a New York public corporation which are made lawful investments by the City pursuant to another provision of law; (7) certain certificates of participation issued on behalf of political subdivisions of the State of New York; and, (8) in the case of City moneys held in certain reserve funds established pursuant to law, obligations issued by the City. These statutes further require that all bank deposits, in excess of the amount insured under the Federal Deposit Insurance Act, be secured by either a pledge of eligible securities, an eligible surety bond or an eligible letter of credit, as those terms are defined in the law.

Consistent with the above statutory limitations, it is the City's current policy to invest in: (1) certificates of deposit or time deposit accounts that are fully secured as required by statute, (2) obligations of the United States of America, (3) obligations guaranteed by agencies of the United States of America where the payment of principal and interest is guaranteed by the United States of America or (4) obligations of the State of New York. In the case of obligations of the United States government, the City may purchase such obligations pursuant to a written repurchase agreement that requires the purchased securities to be delivered to a third party custodian.

Employees

The City provides services through approximately 455 employees which are represented by bargaining units as listed below. There are also 61 employees not represented by any employee union, 39 being full-time employees and 22 being part time employees.

Bargaining Unit	Number Employed	Expiration Date
Civil Service Employees Association (CSEA)	206	December 31, 2017 (1)
Fire (UFA)	110	December 31, 2016 (2)
Police (PBA)	114	December 31, 2017 (1)
Administrative Unit (UPSEU)	8	December 31, 2019
Police Captains (COATS)	7	December 31, 2017 (1)
Fire Chiefs (UFCA)	7	December 31, 2010 (1)
Police Chiefs	3	December 31, 2019

(1) Currently under negotiation.
(2) Filed for interest arbitration.

Source: City Officials.

Status and Financing of Employee Pension Benefits

Substantially all employees of the City are members of the New York State and Local Employees' Retirement System ("ERS") or the New York State and Local Police and Fire Retirement System ("PFRS"; with ERS, the "Retirement Systems"). The ERS is generally also known as the "Common Retirement Fund". The Retirement Systems are cost-sharing multiple public employer retirement systems. The obligation of employers and employees to contribute and the benefit to employees are governed by the New York State Retirement System and Social Security Law (the "Retirement System Law"). The Retirement Systems offers a wide range of plans and benefits which are related to years of service and final average salary, vesting of retirement benefits, death and disability benefits and optional methods of benefit payments. All benefits generally vest after five years of credited service. The Retirement System Law generally provides that all participating employers in each retirement system are jointly and severally liable for any unfunded amounts. Such amounts are collected through annual billings to all participating employers. Generally, all employees, except certain part-time employees, participate in the Retirement Systems. Overtime pay in excess of $15,000 will not be subject to ERS either in contribution from the City or the employee.

The ERS is non- contributory with respect to members hired prior to July 27, 1976 (Tier 1 & 2); members hired from July 27, 1976 through December 31, 2009 (Tier 3 & 4) contribute 3% for the first 10 years of service and then become non-contributory; members hired from January 1, 2010 through March 31, 2012 (Tier 5) must contribute 3% for their entire careers; members hired April 1, 2012 (Tier 6) or after will contribute between 3 and 6 percent for their entire careers based on their annual wage.

The PFRS is non- contributory with respect to members hired prior to January 8, 2010 (Tier 1, 2 & 3); members hired from January 9, 2010 through March 31, 2012 (Tier 5) must contribute 3% for their entire careers; members hired April 1, 2012 (Tier 6) or after will contribute between 3 and 6 percent for their entire careers based on their annual wage.

For both ERS & PFRS, Tier 5 provides for:

- Raising the minimum age at which most civilians can retire without penalty from 55 to 62 and imposing a penalty of up to 38% for any civilian who retires prior to age 62
- Requiring employees to continue contributing 3% of their salaries toward pension costs so long as they accumulate additional pension credits.
- Increasing the minimum years of service required to draw pension from 5 years to 10 years.
- Capping the amount of overtime that can be considered in the calculation of pension benefits for civilians at $15,000 per year, and for police & firefighters at 15% of non-overtime wages.

For both ERS & PFRS, Tier 6 provides for:

- Increase contribution rates of between 3% and 6% base on annual wage
- Increase in the retirement age from 62 years to 63 years
- A readjustment of the pension multiplier
- A change in the period for final average salary calculation from 3 years to 5 years

For the years 2013 through 2017 and budgeted for the years 2018 and 2019, the City's respective contributions to the ERS and PFRS were:

Year	ERS	PFRS
2013	$ 1,926,080	$ 4,452,748
2014	2,232,112	5,018,604
2015	1,979,271	3,988,930
2016	2,347,052	5,277,812
2017	2,227,583	5,749,523
2018 (Budgeted)	2,187,760	5,925,475
2019 (Budgeted)	2,133,876	5,839,836

Note: The City has opted to amortize their contribution through the Employer Contribution Stabilization Program. The amount amortized for 2010-2011 is $156,607 for ERS and $314,411 for PFRS. The amount amortized for 2011-2012 is $639,484 for ERS and $964,234 for PFRS. The amount amortized for 2012-2013 is $811,575 for ERS and $1,680,810 for PFRS. The amount amortized for 2013-14 is $851,877 for ERS and $2,134,072 for PFRS. The amount amortized for 2014-2015 is $718,270 for ERS and $1,581,263 for PFRS. For 2015-2016, the City amortized $248,667 for ERS and $613,213 for PFRS. For 2016-2017, the City amortized $634,895 for PFRS. The City did not amortize its ERS or PFRS contributions for 2018 and 2019. The City does not anticipate amortizing its pension contributions in the future.

Pursuant to various laws enacted between 1991 and 2002, the State Legislature authorized local governments to make available certain early retirement incentive programs to its employees. The City does not have any early retirement incentives outstanding.

Historical Trends and Contribution Rates: Historically there has been a State mandate requiring full (100%) funding of the annual actuarially required local governmental contribution out of current budgetary appropriations. With the strong performance of the Retirement System in the 1990s, the locally required annual contribution declined to zero. However, with the subsequent decline in the equity markets, the pension system became underfunded. As a result, required contributions increased substantially to 15% to 20% of payroll for the employees' and the police and fire retirement systems, respectively. Wide swings in the contribution rate resulted in budgetary planning problems for many participating local governments.

A chart of average ERS and PFRS rates (2016 to 2020) is shown below:

Year	ERS	PFRS
2016	18.2%	24.7%
2017	15.5	24.3
2018	15.3	24.4
2019	14.9	23.5
2020	14.6	23.5

Chapter 49 of the Laws of 2003 amended the Retirement and Social Security Law and Local Finance Law. The amendments empowered the State Comptroller to implement a comprehensive structural reform program that establishes a minimum contribution for any employer equal to 4.5% of pensionable salaries for required contributions due December 15, 2003 and for all years thereafter where the actual rate would otherwise be 4.5% or less. In addition, it instituted a billing system that will advise employers over one year in advance concerning actual pension contribution rates.

Chapter 57 of the Laws of 2010 (Part TT) amended the Retirement and Social Security Law to authorize participating local government employers, if they so elect, to amortize an eligible portion of their annual required contributions to both ERS and PFRS, when employer contribution rates rise above certain levels. The option to amortize the eligible portion began with the annual contribution due February 1, 2011. The amortizable portion of an annual required contribution is based on a "graded" rate by the State Comptroller in accordance with formulas provided in Chapter 57. Amortized contributions are to be paid in equal annual installments over a ten-year period, but may be prepaid at any time. Interest is to be charged on the unpaid amortized portion at a rate to be determined by State Comptroller, which approximates a market rate of return on taxable fixed rate securities of a comparable duration issued by comparable issuers. The interest rate is established annually for that year's amortized amount and then applies to the entire ten years of the amortization cycle of that amount. When in any fiscal year, the participating employer's graded payment eliminates all balances owed on prior amortized amounts, any remaining graded payments are to be paid into an employer contribution reserve fund established by the State Comptroller for the employer, to the extent that amortizing employer has no currently unpaid prior amortized amounts, for future such use. In previous fiscal years the City amortized a portion of its pension costs as described above. The City did not amortize its ERS or PFRS contributions for 2018 and 2019. The City does not anticipate amortizing its pension contributions in the future.

Stable Rate Pension Contribution Option: The 2013-14 Adopted State Budget included a provision that authorized local governments, including the City, with the option to "lock-in" long-term, stable rate pension contributions for a period of years determined by the State Comptroller and ERS and PFRS. The pension contribution rates under this program would reduce near-term payments for employers, but require higher than normal contributions in later years.

The City has not participated in the Stable Rate Pension Contribution Option in the past but may consider to do so in the future.

The investment of monies and assumptions underlying same, of the Retirement Systems covering the City's employees is not subject to the direction of the City. Thus, it is not possible to predict, control or prepare for future unfunded accrued actuarial liabilities of the Retirement Systems ("UAALs"). The UAAL is the difference between total actuarially accrued liabilities and actuarially calculated assets available for the payment of such benefits. The UAAL is based on assumptions as to retirement age, mortality, projected salary increases attributed to inflation, across-the-board raises and merit raises, increases in retirement benefits, cost-of-living adjustments, valuation of current assets, investment return and other matters. Such UAALs could be substantial in the future, requiring significantly increased contributions from the City which could affect other budgetary matters. Concerned investors should contact the Retirement Systems administrative staff for further information on the latest actuarial valuations of the Retirement Systems.

Other Post-Employment Benefits

Healthcare Benefits. School districts and boards of cooperative educational services, unlike other municipal units of government in the State, have been prohibited from reducing retiree health benefits or increasing health care contributions received or paid by retirees below the level of benefits or contributions afforded to or required from active employees since the implementation of Chapter 729 of the Laws of 1994. Legislative attempts to provide similar protection to retirees of other local units of government in the State have not succeeded as of this date. Nevertheless, many such retirees of all varieties of municipal units in the State do presently receive such benefits.

OPEB. Other Post-Employment Benefits ("OPEB") refers to "other post-employment benefits," meaning other than pension benefits, disability benefits and OPEB consist primarily of health care benefits, and may include other benefits such as disability benefits and life insurance. Until now, these benefits have generally been administered on a pay-as-you-go basis and have not been reported as a liability on governmental financial statements.

GASB 75. GASB has issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, effective for the year ending December 31, 2018. This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions,* as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans,* for OPEB. Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans,* establishes new accounting and financial reporting requirements for OPEB plans. The City is required to adopt the provisions of Statement No. 75 for the year ending December 31, 2018.

Summary of Changes from the Last Valuation. The City contracted with an actuarial firm, to calculate its first actuarial valuation under GASB 75 for the fiscal year ending December 31, 2018. The City's actuarial valuation under GASB 75 for the fiscal year ending December 31, 2018 is not available as of the date of this Official Statement.

GASB 45. Prior to GASB 75, GASB Statement No. 45 ("GASB 45"), required municipalities and school districts to account for OPEB liabilities much like they already accounted for pension liabilities, generally adopting the actuarial methodologies used for pensions, with adjustments for the different characteristics of OPEB and the fact that most municipalities and school districts have not set aside any funds against this liability. Unlike GASB 27, which covered accounting for pensions, GASB 45 did not require municipalities or school districts to report a net OPEB obligation at the start.

Under GASB 45, based on actuarial valuation, an annual required contribution ("ARC") was determined for each municipality or school district. The ARC is the sum of (a) the normal cost for the year (the present value of future benefits being earned by current employees) plus (b) amortization of the unfunded accrued liability (benefits already earned by current and former employees but not yet provided for), using an amortization period of not more than 30 years. If a municipality or school district contributes an amount less than the ARC, a net OPEB obligation will result, which is required to be recorded as a liability on its financial statements.

GASB 45 did not require that the unfunded liability actually be amortized nor that it be advance funded, only that the municipality or school district account for its unfunded accrued liability and compliance in meeting its ARC.

The City has contracted with an actuarial firm to prepare its post-retirement benefits valuation. The following tables show the components of the City's annual OPEB cost, the amount actuarially contributed to the plan, changes in the City's net OPEB obligation and funding status for the fiscal years ending December 31, 2016 and December 31, 2017:

***Actuarial Accrued Liability and Annual OPEB Cost*:**	***2017***	***2016***
Annual required contribution (ARC)	$ 16,631,344	$ 17,568,903
Interest on net OPEB obligation	2,495,600	2,073,743
Adjustment to ARC	(3,608,020)	(2,998,118)
Annual OPEB cost (expense)	$ 15,518,924	$ 16,644,528
Contributions made	(6,478,509)	(6,098,082)
Increase in net OPEB obligation	9,040,415	10,546,446
Net OPEB obligation - beginning of year	62,390,010	51,843,564
Net OPEB obligation - end of year	$ 71,430,425	62,390,010
Percentage of annual OPEB cost contributed	41.75%	36.64%

Funding Status:	***2017***	***2016***
Actuarial Accrued Liability (AAL)	$ 189,729,217	$ 198,539,783
Actuarial Value of Assets	0	0
Unfunded Actuarial Accrued Liability (UAAL)	$ 189,729,217	$ 198,539,783
Funded Ratio (Assets as a Percentage of AAL)	0.0%	0.0%

Source: 2016 audited and 2017 unaudited financial statements.

There is no authority in current State law to establish a trust account or reserve fund for this liability. The City has reserved $0 towards its OPEB liability. The City meets this liability on a pay-as-you-go basis.

The aforementioned liability and ARC will be for the fiscal year ending December 31, 2017 will be disclosed in accordance with GASB 45 standards in the City's 2017 financial statements.

Actuarial Valuation will be required every 2 years for OPEB plans with more than 200 members, every 3 years if there are less than 200 members.

The City's unfunded actuarial accrued OPEB liability could have a material adverse impact upon the City's finances and could force the City to reduce services, raise taxes or both.

In April 2015, the State Comptroller announced legislation to create an optional investment pool to help the State and local governments fund retiree health insurance and other post-employment benefits. The proposed legislation would allow the following:

- Authorize the creation of irrevocable OPEB trusts, not part of the New York State Common Retirement Fund, so that New York state and its local governments can, at their option, help fund their OPEB liabilities;
- Establish an OPEB investment fund in the sole custody of the State Comptroller for the investment of OPEB assets of the state and participating eligible local governments;
- Designate the president of the Civil Service Commission as the trustee of the state's OPEB trust and the governing boards as trustee for local governments; and
- Allow school districts to transfer certain excess reserve balances to an OPEB trust once it is established.

Under the State Comptroller's proposal, there were no restrictions on the amount a government can deposit into the trust. The proposal for an optional investment pool for OPEB liability was not adopted in the last two State legislative sessions. It is not known if the legislation will be reintroduced and enacted into law this year.

Financial Statements

The City retains the services of The Bonadio Group as its independent certified public accountants. Also, the State Comptroller's office, i.e., the Department of Audit and Control, periodically performs a compliance review to ascertain whether the City has complied with the requirements of various State and Federal statutes. The last audited report covers the period ending December 31, 2017 and is attached hereto as APPENDIX – D.

The City complies with the Uniform System of Accounts as prescribed for Cities in New York State. This system differs from generally accepted accounting principles as prescribed by the American Institute of Certified Public Accountants' Industry Audit Guide, "Audits of State and Local Governmental Units", and codified in Government Accounting, Auditing and Financial Reporting (GAAFR), published by the Governmental Accounting Standards Board (GASB).

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The State Comptroller's Fiscal Stress Monitoring System

The New York State Comptroller has reported that New York State's school districts and municipalities are facing significant fiscal challenges. As a result, the Office of the State Comptroller has developed a Fiscal Stress Monitoring System ("FSMS") to provide independent, objectively measured and quantifiable information to school district and municipal officials, taxpayers and policy makers regarding the various levels of fiscal stress under which the State's school districts and municipalities are operating.

The fiscal stress scores are based on financial information submitted as part of each school district's ST-3 report filed with the State Education Department annually, and each municipality's annual report filed with the State Comptroller. Using financial indicators that include year-end fund balance, cash position and patterns of operating deficits, the system creates an overall fiscal stress score which classifies whether a school district or municipality is in "significant fiscal stress", in "moderate fiscal stress," as "susceptible to fiscal stress" or "no designation". Entities that do not accumulate the number of points that would place them in a stress category will receive a financial score but will be classified in a category of "no designation." This classification should not be interpreted to imply that the entity is completely free of fiscal stress conditions. Rather, the entity's financial information, when objectively scored according to the FSMS criteria, did not generate sufficient points to place them in one of the three established stress categories.

The reports of the State Comptroller for the past four years for the City are as follows:

Fiscal Year Ending In	Stress Designation	Fiscal Score
2017	No Designation	18.8%
2016	No Designation	23.8%
2015	No Designation	40.0%
2014	No Designation	43.3%

Source: Website of the Office of the New York State Comptroller.

Note: Reference to website implies no warranty of accuracy of information therein. Information for the fiscal year ending December 31, 2018 is not available as of the date of this Official Statement.

New York State Comptroller Report of Examination

The New York State Comptroller's office released a budget review of the City on October 31, 2018. The purpose of the review was to determine whether the significant revenue and expenditure projections in the City's proposed budget for the 2019 fiscal year are reasonable.

Key Findings

- Significant revenue and expenditure projections in the proposed budget are reasonable.
- The proposed budget includes estimated revenues for the refuse fund, but the City Council (Council) has not yet authorized the solid waste management and bulk refuse collection fees to realize the estimated revenues.
- The contingency appropriation in the proposed refuse fund budget provides the City with minimal flexibility in the event of unforeseen circumstances that may require additional funds.
- The City's capital plan for the purchase of equipment and vehicles for the general and refuse funds remains unfunded through the proposed budget and instead will be financed by issuing debt.
- Five of the City's six collective bargaining agreements (CBAs) have expired and the City faces potential significant increased salary and wage cost when these agreements are settled.
- The City's proposed budget is in compliance with the tax levy limit.

Key Recommendations

- It is essential the Council make the appropriate modifications to the City Code to authorize the solid waste management and bulk refuse collection fees or fund through other revenue sources. If the fees are not authorized, or are approved at different rates, the refuse fund budget should be modified accordingly.
- City officials should closely monitor the refuse fund throughout 2019 and make modifications as necessary.
- We encourage City officials to identify current financing sources for the purchase of equipment and vehicles instead of relying on the issuance of debt to finance these purchases.
- City officials should consider the potential financial impact of the settlement of the expired CBAs in the event that any of the CBAs are settled in 2019.
- The Council should be mindful of the legal requirement to maintain the tax levy increase to no more than the tax levy limit as permitted by law, unless it properly overrides the tax levy limit.

The New York State Comptroller's office released a budget review of the City on October 31, 2017. The purpose of the review was to determine whether the significant revenue and expenditure projections in the City's proposed budget for the 2018 fiscal year are reasonable.

Key Findings

- Significant revenue and expenditure projections in the proposed budget are reasonable.
- The proposed budget includes estimated revenues of $3.45 million for refuse and garbage fees to finance the City's waste and recycling services, but the Council has not yet authorized or approved a combined waste and recycling fee to realize the estimated revenues.
- All six of the City's collective bargaining agreements (CBAs) have expired and the City faces potential significant increased salary and wage cost when these agreements are settled.
- The City's proposed budget is in compliance with the tax levy limit.

Key Recommendations

- If is essential the Council make the appropriate modifications to the City Code prior to adopting the budget if it decides to implement a new waste and recycling fee. If the fee is not authorized, or is authorized at a different rate, the general fund proposed budget should be modified accordingly prior to adoption.
- City officials should consider the potential financial impact of the settlement of the expired CBAs and be prepared to provide funding if any of the CBAs are settled in 2018.
- The Council should be mindful of the legal requirement to maintain the tax levy increase to no more than the tax levy limit as permitted by law, unless it adopts a local law to override the cap.

The New York State Comptroller's office released a budget review of the City on November 3, 2016. The purpose of the review was to determine whether the significant revenue and expenditure projections in the City's proposed budget for the 2017 fiscal year are reasonable.

Key Findings:

- Significant revenue and expenditure projections are reasonable.
- The City's proposed budget provides only minimal funding for capital expenditures; $1.7 million (82 percent) of the City's general fund capital plan remains unfunded.
- All six of the City's collective bargaining agreements (CBAs) have expired and the 2017 proposed budget does not contain provisions for any potential increased costs associated with settling the CBAs.
- The City's proposed budget is not in compliance with the tax levy limit and City officials have not adopted a local law to override the limit.

Key Recommendations:

- City officials should identify funding sources for capital expenditures and stop deferring capital costs
- City officials should be cognizant of the potential financial impact of the settlement of the expired CBAs and be prepared to provide for funding in the event that any of the CBAs are settled in 2017.
- Be mindful of the legal requirement to maintain the tax levy increase to no more than the tax levy limit as permitted by law, unless adopting a local law to override the cap.

A copy of the complete report can be found via the website of the Office of the New York State Comptroller.

The New York State Comptroller's office released a financial condition review of the City on February 17, 2016. The purpose of the review was to review the City's financial condition for the period January 1, 2012 through May 31, 2015.

Key Findings:

- Adopted budget for the general fund relied on appropriating significant amounts of reserves to finance operations, and budgets for the water and sewer funds contained unrealistic revenue estimates.
- If retirement costs remain at 2015 levels, the 2016 budget must include an increase of approximately $1.9 in retirement appropriations, an amount which represents 10 percent of the 2015 tax levy.
- The Council and City officials have not developed a multiyear financial plan or a comprehensive capital plan in accordance with the City's Charter.
- The City Comptroller failed to maintain individual accounting records for each capital project.

Key Recommendations:

- Develop and adopt general, water and sewer fund budgets that include realistic estimates for revenues and expenditures and that are structurally balanced.
- Develop a plan to fund the increase in 2016 retirement appropriations.
- Develop a comprehensive financial plan and a capital plan that includes all elements required by the Charter and frequently monitor and update the plans.
- Maintain individual accounting records for all projects.

The City provided a complete response to the NYS Comptroller's office on January 28, 2016. A copy of the complete report and response can be found via the website of the Office of the New York State Comptroller.

Note: Reference to website implies no warranty of accuracy of information therein.

MUNICIPAL ASSISTANCE CORPORATION FOR THE CITY OF TROY
(the "Corporation)

In June 1994, the State enacted Chapter 721 of the Laws of 1994 (the "Original Financial Control Act") which authorized the City to issue bonds for the purpose of liquidating cumulative deficits and deficits projected for fiscal year 1994 in the City's General Fund. The Original Financial Control Act also established a supervisory board consisting of five members chaired by the State Comptroller (the "Supervisory Board") to review and make recommendations of the City's financial condition.

The City's financial condition further deteriorated even after the protections and oversight of the Original Financial Control Act were established. As a result, in July 1995, the State created the Municipal Assistance Corporation for the City of Troy (the "Corporation) in order to provide funds for the repayment of certain of the City's obligations and lease agreements to ensure maintenance of essential services within the City and to restore investor confidence in the City's obligations. Through Chapter 187 of the Laws of 1995 the State also amended the Original Financial Control Act in order to provide the Supervisory Board with additional control and oversight powers with respect to the City's finances. Among the powers granted to the Supervisory Board are the ability, if necessary, to prepare and implement a financial plan based on revenue and expense estimates established by the Board to direct all City revenues into the Supervisory Board Fund and to control all expenditures from the Supervisory Board Fund.

In July 1996, the State enacted Chapters 444 and 445 of the Laws of 1996 which among other things further amended the Original Financial Control Act. The principal purposes of Chapters 444 and 445 of the Laws of 1996 were to allow the City to restructure its annual debt service requirements to reinforce existing controls over the City's authority to contract indebtedness or enter into other long-term financing arrangements and to provide additional sources of payment for obligations of the Corporation. The Original Financial Control Act as amended by Chapter 187 of the Laws of 1995 and Chapters 444 and 445 of the Laws of 1996 is hereinafter referred to as the "Financial Control Act."

Under the Financial Control Act, the Corporation is authorized to issue, no later than December 31, 1999, bonds and/or notes in an amount not to exceed $71 million (exclusive of amounts necessary to pay the costs of issuance, to fund debt service reserves, and to refund bonds or notes) as follows: (i) to liquidate all or a portion of the City's deficits for fiscal years 1993 through 1995, (ii) to acquire or cause to be acquired real or personal property leased by the City to the Troy Local Development Corporation (including the financing of any judgments against the City or settlements relating thereto), (iii) to pay at maturity or prior redemption date previously issued obligations of the City and (iv) to pay for the costs of the closure of the City's landfill ($48.4 million of this authority has been used, leaving $22.6 million of such issuance authority remaining.) In addition, the Corporation is authorized (i) until December 31, 1999 to issue notes in an aggregate principal amount outstanding at any time not to exceed $2 million (exclusive of amounts necessary to pay costs of issuance and fund a debt service reserve fund) to pay operating expenses of the City, which notes may be issued for a term of no more than one year and renewed from time to time for up to one-year terms up to a final maturity no later than December 31, 2000 and (ii) until December 31, 1998 to issue bonds or notes in an aggregate principal amount not to exceed $2 million (exclusive of amounts necessary to pay cost of issuance and fund debt service reserve funds and to refund any such bonds or notes) for the purpose of funding capital projects within the City.

In November 1996, the Corporation issued its Series 1996A Bonds (Current Interest) in the initial aggregate principal amount of $26,985,000 (the "Series 1996A Bonds"), its Series 1996B Bonds (Capital Appreciation) in the initial aggregate principal amount of $27,739,661.45 (the "Series 1996B Bonds") and its Series 1996C Bonds in the initial aggregate principal amount of $864,600.25 (the "Series 1996C Bonds"). The issuance of the foregoing series of Bonds enable the Corporation to retire Bond Anticipation Notes it had previously issued to refinance City notes issued primarily to finance settlement of tax certiorari claims, street improvements and the City's deficits accumulated during 1993 and 1994 and to provide funds to retire the outstanding amount of $35,145,000 Lease Revenue Bonds (City of Troy Project) Series 1992 issued by the City of Troy Industrial Development Authority (the "1992 Lease Revenue Bonds").

In November 2010, the Corporation refunded the Series 1996A ($14,080,000) and Series 1999B ($1,955,000) Serial Bonds with Series 2010A General Resolution Bonds in the principal amount of $15,620,000.

The Corporation's obligations are secured by a portion of the City's share of certain sales and compensating use taxes collected within the County and amounts to be derived from State aid designated for the City. Amounts derived from the sales tax and State aid are deposited by the New York State Comptroller into the Municipal Assistance Tax Fund (the "Tax Fund") and Municipal Assistance State Aid Fund (the "State Aid Fund"). Monies in the Tax Fund and the State Aid Fund are to be paid to the Corporation annually so as to meet the Corporation's cash requirements and maintain a 1.5:1 debt service coverage ratio for the Corporation's notes and bonds. Excess monies in the State Aid Fund and the Tax Fund are paid quarterly by the New York State Comptroller to the City.

TAX INFORMATION

Valuations

Fiscal Year Ending December 31:	2015	2016	2017	2018	2019
Assessed Valuations	$ 1,761,286,467	$ 1,762,722,312	$ 1,764,145,165	$ 1,762,028,144	$ 1,774,994,712
New York State Equalization Rate	100.00%	100.00%	100.00%	100.00%	100.00%
Total Taxable Full Valuation	$ 1,761,286,467	$ 1,762,722,312	$ 1,764,145,165	$ 1,762,028,144	$ 1,774,994,712

Tax Rate Per $1,000 (Assessed)

Fiscal Year Ending December 31:	2015	2016	2017	2018	2019
	$ 11.50	$ 12.07	$ 13.82	$ 13.96	$ 14.16

Tax Collection Procedure

The City's property taxes are levied annually on January 1. The annual City tax levy consists of taxes levied for City purposes based on City budget requirements, County taxes levied within the City for County budget requirements, and relevied unpaid water rents and sewer rents and recycling container charges. Taxes are due and payable in bi-annual installments on January 1 and July 1. Taxes become delinquent on February 1 and August 1. On November 1, unpaid City and County taxes are enforced through tax liens. Effective January 1, 1995, the City adopted a foreclosure process in accordance with Article 11 of the Real Property Tax Law, as amended by Chapter 602 of the Laws of 1993 and Chapter 532 of the Laws of 1994, whereby unpaid property taxes are allowed to be processed through in-rem and formal foreclosure proceedings.

Tax Collection Record

Fiscal Year Ending December 31:	2015	2016	2017	2018	2019
Total Tax Levy	$ 20,261,842	$ 21,287,598	$ 24,395,503	$ 24,598,068	$ 25,138,173
% Uncollected (1)	5.10%	3.24%	3.91%	3.65%	N/A

(1) The City holds tax sales annually. See "Tax Collection Procedure" herein.

Sales Tax Revenue

The following chart displays the actual amount of Sales Tax Revenue received by the City in the 2010 through 2017 fiscal years and the amount budgeted to be received for 2018 and 2019:

Year	Sales Tax Received
2010	$ 13,374,257
2011	14,681,237
2012	14,827,491
2013	15,072,696
2014	15,583,166
2015	15,558,580
2016	15,824,237
2017 (Actual)	16,301,340
2018 (Budgeted)	16,000,000
2019 (Budgeted)	16,000,000

Source: City officials.

Sales and Use Tax Commitments and Contingencies

On October 2, 2014, the City and the County renewed their current agreement that was in effect for the period December 1, 2009 through February 28, 2015, whereby the City and County agreed to:

a. Extend the term of the agreement from March 1, 2015 through February 28, 2021.
b. The County agrees to pay 18.07% of the local share of the 3% County-wide sales and use tax for the sales tax years March 1, 2015-February 28, 2016 and March 1, 2016-February 28, 2017.
c. The County agrees to pay 24.37% of the local share of the additional 1% County-wide sales and use tax effective September 1, 1994 for the sales tax years March 1, 2015-February 28, 2016 and March 1, 2016-February 28, 2017.
d. For the remaining years of the agreement, the County agrees to pay the City:
    i. 19.65% of the first $80,000,000 plus 14.35% of the sales tax receipts for the sales tax in excess of $80,000,000 for the sales tax year March 1, 2017-February 28, 2018.
    ii. 19.65% of the first $80,000,000 plus 11.70% of the sales tax receipts for the sales tax in excess of $80,000,000 for the sales tax year March 1, 2018-February 28, 2019.
    iii. 19.65% of the first $80,000,000 plus 11.10% of the sales tax receipts for the sales tax in excess of $80,000,000 for the sales tax year March 1, 2019-February 28, 2020.
    iv. 19.65% of the first $80,000,000 plus 9.00% of the sales tax receipts for the sales tax in excess of $80,000,000 for the sales tax year March 1, 2020-February 28, 2021.

Larger Taxpayers – 2018-2019 Assessment Roll

Name	Type	Taxable Assessed Valuation
National Grid	Utility	$ 77,615,010
Stoneledge LLVP, LLC	Apartments	14,600,000
Center for Albany Associates	Apartments	13,885,000
Cottage Street Apartments	Apartments	12,083,000
Troy SRALP	Shopping Center	9,970,000
Country Gardens Acres Ltd	Apartments	6,900,000
Troy Plaza SC, L.P.	Shopping Center	6,147,000
Harvest Troy Retirement Residence	Apartments	6,050,000
Regency Realty Associates	Apartments	5,800,000
EP Troy Realty, LLC	Apartments	5,610,000
Morgan Towers on the Hudson, LLC	Apartments	5,425,000
Cedar Park Realty	Apartments	4,390,000

The largest taxpayers listed above have a total assessed valuation of $168,475,010 which represents 9.49% of the City's tax base for the fiscal year ending December 31, 2019.

The City currently does not have any pending or outstanding tax certioraris that are known or reasonably believed to have a material impact on the City.

Source: City Tax Rolls.

Constitutional Tax Margin

Computation of Constitutional Tax Margin for fiscal years ending December 31, 2017-2019:

	2017	2018	2019
Five-Year Average Full Valuation	$ 1,776,393,297	$ 1,765,970,690	$ 1,763,990,072
Tax Limit - 2% of Five-Year Average	35,527,866	35,319,414	35,279,801
Add: Exclusions From Tax Limit	7,035,725	8,262,788	9,787,929
Total Taxing Power	42,563,591	43,582,202	45,067,730
Less Total Levy	24,395,503	24,598,068	25,107,417
Tax Margin	$ 18,168,088	$ 18,984,134	$ 19,960,313

Additional Tax Information

Real property located in the City is assessed by the City.

Veterans, senior citizens' and disability exemptions as well as the STAR Program for school taxes are offered to those who qualify.

The estimated total 2019 annual property tax bill of a $100,000 market value residential property located in the City is approximately $4,284 (without benefit of any exemptions or STAR) including City, County, School District and Library taxes.

The City assessment roll is estimated to be constituted as follows: 83% residential; 17% commercial and less than 1% industrial.

Tax Cap Law

On June 24, 2011, Chapter 97 of the Laws of 2011 was signed into law by the Governor ("Chapter 97" or the "Tax Cap Law"). The Tax Cap Law applies to all local governments, including school districts (with the exception of New York City, and the counties comprising New York City and school districts in New York City, Buffalo, Rochester, Syracuse, and Yonkers, the latter four of which are indirectly affected by applicability to their respective city.)

The Tax Cap Law restricts, among other things, the amount of real property taxes (including assessments of certain special improvement districts) that may be levied by or on behalf of a municipality in a particular year, beginning with fiscal years commencing on or after January 1, 2012. It expires on June 15, 2020, unless other legislation is extended. Pursuant to the Tax Cap Law, the tax levy of a municipality cannot increase by more than the lesser of (i) two percent (2%) or (ii) the annual increase in the consumer price index ("CPI"), over the amount of the prior year's tax levy. Certain adjustments would be permitted for taxable real property full valuation increases due to changes in physical or quantity growth in the real property base as defined in Section 1220 of the Real Property Tax Law. A municipality may exceed the tax levy limitation for the coming fiscal year only if the governing body of such municipality first enacts, by at least a sixty percent vote of the total voting strength of the board, a local law (resolution in the case of fire districts and certain special districts) to override such limitation for such coming fiscal year only. There are exceptions to the tax levy limitation provided in the Tax Cap Law, including expenditures made on account of certain tort settlements and certain increases in the average actuarial contribution rates of the New York State and Local Employees' Retirement System, the Police and Fire Retirement System, and the Teachers' Retirement System. Municipalities are also permitted to carry forward a certain portion of their unused levy limitation from a prior year. Each municipality prior to adoption of each fiscal year budget must submit for review to the State Comptroller any information that is necessary in the calculation of its tax levy for such fiscal year.

The Tax Cap Law does not contain an exception from the levy limitation for the payment of debt service on either outstanding general obligation debt of municipalities or such debt incurred after the effective date of the Tax Cap Law (June 24, 2011).

Article 8 Section 2 of the State Constitution requires every issuer of general obligation notes and bonds in the State to pledge its faith and credit for the payment of the principal thereof and the interest thereon. This has been interpreted by the Court of Appeals, the State's highest court, in *Flushing National Bank v. Municipal Assistance Corporation for the City of New York,* 40 N.Y.2d 731 (1976), as follows:

> "A pledge of the city's faith and credit is both a commitment to pay and a commitment of the city's revenue generating powers to produce the funds to pay. Hence, an obligation containing a pledge of the City's "faith and credit" is secured by a promise both to pay and to use in good faith the city's general revenue powers to produce sufficient funds to pay the principal and interest of the obligation as it becomes due. That is why both words, "faith" and "credit", are used and they are not tautological. That is what the words say and that is what the courts have held them to mean."

Article 8 Section 12 of the State Constitution specifically provides as follows:

> "It shall be the duty of the legislature, subject to the provision of this constitution, to restrict the power of taxation, assessment, borrowing money, contracting indebtedness, and loaning the credit of counties, cities, towns and villages, so as to prevent abuses in taxation and assessments and in contracting of indebtedness by them. Nothing in this article shall be construed to prevent the legislature from further restricting the powers herein specified of any county, city, town village or school district to contract indebtedness or to levy taxes on real estate. The legislature shall not, however, restrict the power to levy taxes on real estate for the payment of interest on or principal of indebtedness theretofore contracted."

On the relationship of the Article 8 Section 2 requirements to pledge the faith and credit and the Article 8 Section 12 protection of the levy of real property taxes to pay debt service on bonds subject to the general obligation pledge, the Court of Appeals in the *Flushing National Bank* case stated:

> "So, too, although the Legislature is given the duty to restrict municipalities in order to prevent abuses in taxation, assessment, and in contracting of indebtedness, it may not constrict the city's power to levy taxes on real estate for the payment of interest on or principal of indebtedness previously contracted….While phrased in permissive language, these provisions, when read together with the requirement of the pledge of faith and credit, express a constitutional imperative: debt obligations must be paid, even if tax limits be exceeded".

In addition, the Court of Appeals in the *Flushing National Bank* case has held that the payment of debt service on outstanding general obligation bonds and notes takes precedence over fiscal emergencies and the police power of municipalities.

Therefore, while the Tax Cap Law may constrict an issuer's power to levy real property taxes for the payment of debt service on debt contracted after the effective date of said Tax Cap Law, it is clear that no statute is able (1) to limit an issuer's pledge of its faith and credit to the payment of any of its general obligation indebtedness or (2) to limit an issuer's levy of real property taxes to pay debt service on general obligation debt contracted prior to the effective date of the Tax Cap Law. Whether the Constitution grants a municipality authority to treat debt service payments as a constitutional exception to such statutory tax levy limitation outside of any statutorily determined tax levy amount is not clear.

It is likely that the Tax Cap Law will be subject to judicial review to resolve the constitutional issues raised by its adoption. Although Courts in New York State have historically been protective of the rights of holders of general obligation debt of political subdivisions, the outcome of any such challenge cannot be predicted.

Real Property Tax Rebate

Chapter 59 of the Laws of 2014 ("Chapter 59"), includes provisions which provide a refundable personal income tax credit to real property taxpayers in school districts and certain municipal units of government. The eligibility of real property taxpayers for the tax credit in each year depends on such jurisdiction's compliance with the provisions of the Tax Cap Law. The affected jurisdictions include counties, cities (other than any city with a population of one million or more and its counties), towns, villages, school districts (other than the dependent school districts of New York City, Buffalo, Rochester, Syracuse and Yonkers, the latter four of which are indirectly affected by applicability to their respective city) and independent special districts.

Certain additional restrictions on the amount of the personal income tax credit are set forth in Chapter 59 in order for the tax cap to qualify as one which will provide the tax credit benefit to such real property taxpayers. The refundable personal income tax credit amount is increased in the second year if compliance occurs in both taxable years.

For the second taxable year of the program, the refundable personal income tax credit for real property taxpayers is additionally contingent upon adoption by the school district or municipal unit of a state approved "government efficiency plan" which demonstrates "three year savings and efficiencies of at least one per cent per year from shared services, cooperation agreements and/or mergers or efficiencies".

Municipalities, school districts and independent special districts must provide certification of compliance with the requirements of the new provisions to certain state officials in order to render their real property taxpayers eligible for the personal income tax credit.

While the provisions of Chapter 59 do not directly further restrict the taxing power of the affected municipalities, school districts and special districts, they do provide an incentive for such tax levies to remain within the tax cap limits established by the Tax Cap Law. The implications of this for future tax levies and for operations and services of the City are uncertain at this time.

CITY INDEBTEDNESS

Constitutional Requirements

The State Constitution limits the power of the City (and other municipalities and certain school districts of the State) to issue obligations and to otherwise contract indebtedness. Such constitutional limitations in summary form, and as generally applicable to the City and the Notes include the following:

Purpose and Pledge. Subject to certain enumerated exceptions, the City shall not give or loan any money or property to or in aid of any individual or private corporation or private undertaking or give or loan its credit to or in aid of any of the foregoing or any public corporation.

The City may contract indebtedness only for a City purpose and shall pledge its faith and credit for the payment of principal of and interest thereon.

Payment and Maturity. Except for certain short-term indebtedness contracted in anticipation of taxes or to be paid within three fiscal year periods, indebtedness shall be paid in annual installments commencing no later than two years after the date such indebtedness shall have been contracted and ending no later than the expiration of the period of probable usefulness of the object or purpose or, in the alternative (in the use of level debt service described below), the weighted average period of probable usefulness of the several purposes, for which it is contracted and in no event may this period exceed forty years. No installment may be more than fifty per centum in excess of the smallest prior installment unless the City authorizes and determines to issue debt amortizing on the basis of substantially level or declining annual debt service. The City is required to provide an annual appropriation for the payment of interest due during the year on its indebtedness and for the amounts required in such year for amortization and redemption of its serial bonds and such required annual installments on its bonds and bond anticipation notes.

Debt Limit. The City has the power to contract indebtedness for any City purpose so long as the principal amount thereof, subject to certain limited exceptions, shall not exceed seven per centum of the average full valuation of taxable real estate of the City and subject to certain enumerated exclusions and deductions such as water and certain sewer facilities and cash or appropriations for current debt service. The constitutional method for determining full valuation is by taking the assessed valuation of taxable real estate as shown upon the latest completed assessment roll and dividing the same by the equalization rate as determined by the Office of Real Property Services. The State Legislature is required to prescribe the manner by which such ratio shall be determined. Average full valuation is determined by taking the sum of the full valuation of the last completed assessment roll and the four preceding assessment rolls and dividing such sum by five.

Statutory Procedure

In general, the State Legislature has authorized the power and procedure for the City to borrow and incur indebtedness by the enactment of the Local Finance Laws, subject to the provisions set forth above. The power to spend money, however, generally derives from other law, including specifically the City Charter, the General City Law and the General Municipal Law.

Pursuant to the Local Finance Law and the City Charter, the City authorizes the issuance of bonds by the adoption of a bond ordinance approved by at least two-thirds of the members of the Common Council, the finance board of the City. Customarily, the Common Council has delegated to the City Comptroller, as chief fiscal officer of the City, the power to authorize and sell bond anticipation notes in anticipation of authorized bonds.

The Local Finance Law also provides that where a bond ordinance is published with a statutory form of notice, the validity of the bonds authorized thereby, including bond anticipation notes issued in anticipation of the sale thereof, may be contested only if:

(1) Such obligations are authorized for a purpose for which the City is not authorized to expend money, or

(2) There has not been substantial compliance with the provisions of law which should have been complied with in the authorization of such obligations and an action contesting such validity, is commenced within twenty days after the date of such publication, or,

(3) Such obligations are authorized in violation of the provisions of the State Constitution.

Except on rare occasions the City complies with this estoppel procedure. It is a procedure that is recommended by Bond Counsel, but it is not an absolute legal requirement.

Each bond ordinance usually authorizes the construction, acquisition or installation of the object or purpose to be financed, sets forth the plan of financing and specifies the maximum maturity of the bonds subject to the legal (State Constitution, Local Finance Law and case law) restrictions relating to the period of probable usefulness with respect thereto. The City has authorized bonds for a variety of City objects or purposes.

Statutory law in New York permits bond anticipation notes to be issued or renewed from time to time provided annual principal installments are made in reduction of the total amount of such bond anticipation notes outstanding, commencing no later than two years from the date of the first of such notes and provided that such notes or renewals do not exceed five years beyond the original date of borrowing. See "Payment and Maturity" under "Constitutional Requirements" herein.

In general, the Local Finance Law contains provisions providing the City with power to issue certain other short-term general obligation indebtedness including revenue and tax anticipation notes and budget and capital notes.

Debt Outstanding End of Fiscal Year

Fiscal Years Ending December 31:	2014	2015	2016	2017	2018
Bonds	$ 5,819,950	$ 5,242,733	$ 4,868,214	$ 4,486,148	$ 5,213,193
M.A.C. Repayment Agreement [1]	37,879,391	33,720,351	29,081,740	23,790,929	21,376,234
Capital Leases	2,944,794	2,818,392	2,678,293	2,525,733	2,534,514
Bond Anticipation Notes	5,083,000	11,924,000	10,968,000	18,354,733	36,332,428
Totals	$ 50,162,135	$ 53,705,858	$ 47,596,247	$ 49,157,543	$ 65,456,369

[1] The repayment agreements between the City and the Corporation represent the 1996 refinancing of the 1992 Lease Revenue Bonds in the original amount of $55,589,262, the 1997 refinancing of the 1990 Installment Purchase Debt (Certificate of Participation) in the original amount of $3,425,000, the 1999 issuance of the closing of the City's landfill in the original amount of $5,364,156 (Series 1999A), and the 1999 issuance to provide funds to repay the City's bond anticipation notes to meet the debt service fund requirement and to pay certain costs of issuance in the original amount of $5,205,000 (Series 1999B). In November 2010, the Corporation refunded the Series 1996A ($14,080,000) and Series 1999B ($1,955,000) Serial Bonds with Series 2010A General Resolution Bonds in the principal amount of $15,620,000.

Note: The Repayment Agreements are executory and payable only to the extent of monies appropriated and available for the purposes of the Repayment Agreements. The Repayment Agreements are not general obligations of the City. Neither the full faith and credit nor the taxing power of the City are pledged to the payment of any amount due or to become due under the Repayment Agreements. The outstanding amount of the Repayment Agreements is not counted towards the City's constitutional or statutory debt limit.

Details of Outstanding Indebtedness

The following table sets forth the indebtedness of the City as of January 16, 2019:

Type of Indebtedness	Maturity	Amount
Bonds	2019-2036	$ 5,213,193
Bond Anticipation Notes		
Various Projects	February 8, 2019	$ 19,291,733 [1]
Various Projects	August 2, 2019	$ 17,040,695 [2]
M.A.C. Repayment Agreements	2018-2022	$ 21,376,234
	Total Indebtedness	$ 62,921,855

[1] To be redeemed with the proceeds of the Notes and available funds of the City.
[2] To be redeemed with the proceeds of a future bond anticipation note issue and available funds of the City.

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Debt Statement Summary

Statement of Indebtedness as of January 16, 2019:

Average Full Valuation of Taxable Real Property			$ 1,765,035,360
Debt Limit - 7% thereof			123,552,475
Inclusions:			
Bonds	$ 5,213,193		
M.A.C. Repayment Agreement	21,376,234		
Bond Anticipation Notes	36,332,428		
Total Inclusions		$ 62,921,855	
Exclusions:			
Water Indebtedness [1]	$ 3,083,155		
M.A.C. Repayment Agreement [2]	21,376,234		
Appropriations	153,378		
Total Exclusions		$ 24,612,767	
Total Net Indebtedness Subject to Debt Limit			$ 38,309,088
Net Debt-Contracting Margin			$ 85,243,387
The percent of debt contracting power exhausted is			31.01%

The proceeds of the Notes and scheduled principal payments are expected to increase the net indebtedness of the City by $16,187,117.

(1) Excluded pursuant to Article VIII of the New York State Constitution.

(2) Pursuant to Chapter 444 of the Laws of 1996, all Corporation bonds and notes are not counted towards the City's Constitutional or statutory debt limit. The indebtedness outstanding through the Corporation is $21,376,234.

Bonded Debt Service

A schedule of Bonded Debt, including the principal of the Bonds, may be found in "APPENDIX – B" to this Official Statement.

Capital Lease

Lease Purchase Agreement – City Buildings and Water Treatment Plant

One June 2, 2011 the City Council passed a resolution authorizing the City under Article 9 of the New York Energy Law which authorizes municipalities and school districts to enter into contracts ("Energy Performance Contacts") for the provisions of energy service, including but not limited to, electricity, heating, ventilation, cooling, steam or hot water, in which a party agrees to install, maintain or manage energy systems or equipment to improve efficiency of, or produce energy in connection with building or facility in exchange for a portion of the energy saving and revenues.

As per Section 9-103 of the Energy Law, the City evaluated and executed two master agreements with Siemens Building Technologies to develop and implement a performance-based energy savings and operation plan.

The master agreement (lease/purchase) for the City buildings indicates a principal payment of $1,648,598 at an interest rate of 4.547% with annual payments to commence on October 1, 2012 and end on July 1, 2029. The balance of the lease as of December 31, 2018 was $1,206,400.

The master agreement (lease/purchase) for the Water Treatment Plant calls for a principal payment of $946,746 at an interest rate of 4.288% with annual payments to, also, commence on October 1, 2012 and ending July 1, 2027. The master agreement also provides an assurance guarantee that if energy savings do not meet the annual lease payment then the City would not be liable for the annual payment for the year. The balance of the lease as of December 31, 2018 was $660,361.

Lease Purchase Agreement – Purchase of Fire Equipment

On December 1, 2011, the City Council passed a resolution authorizing the execution and delivery of a lease purchase agreement to finance the cost of the purchase of a new fire ladder truck for the City in the amount not to exceed $888,648. The purchase contract obligated the lessee to expend a $150,000 down payment to be paid from the 2012 City Budget and to pay $738,648 at an interest rate of 4.23% with repayments to commence on March 1, 2013 and end March 1, 2027. The balance of the lease as of December 31, 2018 was $496,546.

Lease Purchase Agreement – Purchase of Golf Equipment

On April 11, 2018, the City entered into a lease purchase agreement to finance the cost of new golf equipment for the City based on the results of a bid issued by the City in the amount not to exceed $213,334. The purchase contract obligated the lessee to pay $213,334 at an interest rate of 4.85% with repayments to commence May 1, 2018 and end April 30, 2023. The balance of the lease as of December 31, 2018 was $171,207.

Estimate of Obligations to be Issued

On November 1, 2012 the City approved a resolution authorizing the issuance of $7,700,000 principal amount obligations of the City to finance reconstruction of various City improvements including road reconstruction ($4,300,000), dam and channel reconstruction ($1,190,000) and marina/boat launch reconstruction ($2,210,000). The City issued $1,500,000 bond anticipation notes on February 13, 2013 to mature February 13, 2014 as the first borrowing against said authorization. The bond anticipation notes were renewed on February 12, 2014 and matured on February 12, 2015. On February 11, 2015, the City renewed $1,434,000 bond anticipation notes and issued $1,550,000 as new money for court and police facilities renovation. The bond anticipation notes were renewed on February 10, 2016 in the amount of $2,913,000. These bond anticipation notes were renewed with $35,000 available funds of the City and matured on February 9, 2018. An additional $500,000 of bond anticipation notes were issued as new money pursuant to this resolution for road reconstruction. Said notes were redeemed with $1,292,000 available funds of the City, along with bond anticipation notes issued on February 8, 2018 that provided $2,700,000 in new monies for the projects. $500,000 of the Notes will renew in full bond anticipation notes maturing on August 3, 2018 for the reconstruction and resurfacing of Campbell Avenue Highway and Brunswick Road. The proceeds of the Notes will proved $250,000 new monies for the reconstruction and resurfacing of Campbell Avenue Highway and Brunswick Road. $100,000 bond anticipation notes were issued February 8, 2018 for the marina boat launch reconstruction. The proceeds of the Notes will renew $100,000 bond anticipation notes maturing February 8, 2019 and provide $1,000,000 new monies for the marina boat launch reconstruction.

On September 15, 2013, the City approved a resolution authorizing the issuance of $1,500,000 principal amount obligations of the City to finance the cost of a sprinkler system at the Frear Park golf course. The City issued $1,500,000 bond anticipation notes on October 10, 2013 as the first borrowing against said authorization. The bond anticipation notes were renewed in full on October 9, 2014 and matured on October 9, 2015. The City renewed bond anticipation notes in the amount of $1,430,000 on August 6, 2015 for this purpose. The bonds anticipation notes were renewed on August 5, 2016 in the amount of $1,355,000 and will mature on August 4, 2017. On August 3, 2017, the City renewed $1,280,000 bond anticipation notes which mature on August 3, 2018. The City permanently financed the bond anticipation notes maturing on August 3, 2018 through the issuance of $1,121,888 Public improvement serial bonds on August 2, 2018.

On April 3, 2014, the City Council passed a resolution authorizing the issuance of serial bonds to finance the cost of various capital improvements and public safety projects in the amount of $2,908,000. The City issued $2,083,000 bond anticipation notes on August 7, 2014 to finance these projects. The bond anticipation notes matured on August 7, 2015 and were renewed in full on August 6, 2015. The bonds anticipation notes were renewed on August 5, 2016 in the amount of $1,748,000 which matured on August 4, 2017. On August 3, 2017, the City renewed $1,283,000 bond anticipation notes which will mature on August 3, 2018. On August 2, 2018 the City renewed $878,000 bond anticipation notes which will mature on August 2, 2019.

On February 8, 2018, the City renewed $765,000 bond anticipation notes for the purchase of fire equipment and an ambulance. $732,000 of the Notes, along with $33,000 available funds of the City will partially redeem and renew $765,000 bond anticipation notes maturing on February 8, 2019

On April 3, 2014, the City Council passed a resolution authorizing the issuance of serial bonds to finance the cost of a pedestrian connector at Riverfront Park in the amount of $1,125,000. The City issued bond anticipation notes on May 5, 2016 as the first borrowing against said authorization. Bond anticipation notes in the amount of $1,125,000 for this project and matured on February 9, 2018. On February 8, 2018, the City renewed $1,065,000 bond anticipation notes which mature on February 8, 2019. $1,030,000 of the Notes along with $35,000 available funds of the City will partially redeem and renew $1,065,000 bond anticipation notes maturing February 8, 2019.

On April 3, 2014, the City Council passed a resolution authorizing the issuance of serial bonds to finance the cost of reconstruction of the Spring Avenue Bridge in the amount of $4,550,000. The City anticipates receiving $4,322,500 from New York State Department of Transportation and the balance will represent the City's local share. The City issued $900,000 bond anticipation notes, which along with $300,000 in available funds, were partially renewed as part of the bond anticipation notes issued on February 9, 2017. On February 8, 2018, the City renewed $450,000 bond anticipation notes which mature on February 8, 2019. $435,000 of the Notes, along with $15,000 available funds of the City will partially redeem and renew $450,000 bond anticipation notes maturing February 8, 2019.

On April 3, 2014, the City Council passed a resolution authorizing the issuance of serial bonds to finance the cost of a bicycle and pedestrian trail in the amount of $1,489,000. The City anticipates $1,038,957 in Federal aid and the balance will represent the City's local share. $1,489,000 of the bond anticipation notes the City issued on February 9, 2017, represents the first borrowing against said authorization. On February 8, 2018, the City renewed $1,489,000 bond anticipation notes which mature on February 8, 2019. $489,000 of the Notes, along with $1,000,000 available funds of the City will partially redeem and renew $1,489,000 bond anticipation notes maturing February 8, 2019.

On April 3, 2014, the City Council passed a resolution authorizing the issuance of serial bonds to finance the cost of the Pawling Avenue Traffic Signals, Signs and Traffic Signal Systems in the amount of $1,275,000. The City anticipates receiving $1,210,000 from New York State Department of Transportation and the balance will represent the City's local share. The City issued $1,275,000 bond anticipation notes on August 6, 2015 as the first borrowing against said authorization. The bond anticipation notes were renewed on August 5, 2016 in full and mature on August 4, 2017. On August 3, 2017, the City renewed $75,000 bond anticipation notes which mature on August 3, 2018. The City repaid the bond anticipation notes in full at maturity with available funds of the City.

On April 3, 2014, the City Council passed a resolution authorizing the issuance of serial bonds to finance the cost of the reconstruction of a sea wall along the Hudson River in the amount of $9,000,000. On February 8, 2018, the City renewed $4,352,000 bond anticipation notes which mature on February 8, 2019. $3,935,000 of the Notes, along with $417,000 available funds of the City will partially redeem and renew $4,352,000 bond anticipation notes maturing February 8, 2019. On August 2, 2018 $3,673,000 bond anticipation notes were issued against said authorization on August 2, 2018.

On July 6, 2017, the City Council passed a resolution authorizing the issuance of an additional $8,100,000 serial bonds to finance the cost of reconstruction of a sea wall. $6,327,000 bond anticipation notes were issued against said authorization on August 2, 2018. The proceeds of the Notes will provide an additional $1,660,000 new monies for the above mentioned purpose.

On February 1, 2018, the City Council passed a resolution authorizing the issuance of an additional $7,340,000 to finance the cost of reconstruction of a sea wall along the Hudson River. The proceeds of the Notes will provide $7,340,000 new monies for the above mentioned purpose.

It is anticipated that the City will receive $13 million in Federal Emergency Management Agency (FEMA) reimbursements for the reconstruction of the sea wall.

On December 4, 2014, the City Council passed a resolution authorizing the issuance of serial bonds to finance the cost of the purchase and renovation of 1700 Sixth Avenue for the Troy Police Department and the renovation of 55 State Street for the additional court facility in the amount of $1,550,000. The City issued $1,550,000 bonds anticipation notes of which $1,515,000 was renewed with the proceeds of bond anticipation notes issued on February 9, 2017. On February 8, 2018, the City renewed $1,475,000 bond anticipation notes which mature on February 8, 2019. $1,435,000 of the Notes along with $40,000 available funds of the City will partially redeem and renew $1,475,000 bond anticipation notes maturing February 8, 2019.

On February 5, 2015, the City Council passed a resolution authorizing the issuance of serial bonds to finance the cost of a capital project described in the Combined Sewer Overflow Long Term Control Plan in the amount of $3,537,411. To date there have not been any drawdowns on this debt.

On March 3, 2016, the City Council passed a resolution authorizing the issuance of serial bonds to finance the reconstruction of the City's water systems in the amount of $3,000,000. To date, there have not been any drawdowns on this debt.

On March 28, 2016, the City Council passed a resolution authorizing the additional issuance of serial bonds to finance the cost of a capital project described in the Combined Sewer Overflow Long Term Control Plan in the amount of $510,391. To date, there have not been any drawdowns on this debt.

On August 23, 2016, the City Council passed a resolution authorizing the additional issuance of serial bonds to finance the reconstruction of the City's water systems in the amount of $174,000. To date, there have not been any drawdowns on this debt.

On January 18, 2017, the City Council passed a resolution authorizing the issuance of serial bonds to finance the construction of the Ingalls Avenue boat and kayak launches in the amount of $1,107,850. The City issued $700,000 bond anticipation notes on August 3, 2018 for the above mentioned purpose. On January 10, 2019, the City Council passed a resolution increasing the authorization to $1,357,850. The proceeds of the Notes will provide an additional $657,850 new monies for the above mentioned purpose. The City anticipates receiving $1,093,262 in grant revenues and the balance will represent the City's local share.

On January 18, 2017, the City Council passed a resolution authorizing the issuance of serial bonds to finance the rehabilitation of Powers Park in the amount of $449,000. The City issued $449,000 as the first borrowing against said authorization as a part of the bond anticipation notes issued on February 9, 2017. On February 8, 2018, the City renewed $449,000 bond anticipation notes maturing February 8, 2019. $434,000 of the Notes along with $15,000 available funds of the City will partially redeem and renew $449,000 bond anticipation notes maturing February 8, 2019. The City anticipates receiving $449,000 from grants received and the balance will represent the City's local share.

On April 3, 2014, the City Council passed a resolution authorizing the issuance of serial bonds to finance the cost of the South Troy Industrial Roadway in the amount of $1,100,000. On January 18, 2017, the City Council passed a resolution increasing the authorization to $5,100,000. The City issued $1,100,000 as the first borrowing against said authorization as a part of the bond anticipation notes issued on February 9, 2017. On February 8, 2018, the City renewed $1,100,000 bond anticipation notes which mature on February 8, 2019. $3,045,000 of the Notes along with $55,000 available funds of the City will partially redeem and renew $1,100,000 bond anticipation notes maturing February 8, 2019 and provide $2,000,000 new monies for the above mentioned purpose.

In 2014, the City Council passed a resolution authorizing the issuance of $1,550,000 serial bonds to finance the cost of the purchase of land and building located at 1700 6th Avenue to reconstruct such property for use by the City Police Department and renovate and expand the court facilities located at 55 State Street. On January 18, 2017, the City Council passed a resolution increasing the authorization to $2,550,000. On February 9, 2017, the City issued $1,000,000 bond anticipation notes as the first borrowing against said authorization. On February 8, 2018, the City renewed $1,000,000 bond anticipation notes which mature on February 8, 2019. $975,000 of the Notes along with $25,000 available funds of the City with partially redeem and renew $1,000,000 bond anticipation notes maturing February 8, 2019. The City anticipates receiving $500,000 from grants received and the balance will represent the City's local share.

In July 2015, the City Council passed two separate resolutions authorizing the issuance of serial bonds for $375,000 and $475,000 to finance the cost of the purchase of police vehicles. The City issued $375,000 bond anticipation notes for the purchase of police vehicles in February 2016. The bond anticipation notes issued on February 9, 2017 renewed in full bond anticipation notes that matured on February 9, 2018. On February 8, 2018, the City renewed $245,000 bond anticipation notes which mature on February 8, 2019. The City plans to repay the bond anticipation notes in full at maturity with available funds of the City.

On January 18, 2017, the City Council passed a resolution authorizing the issuance of serial bonds to finance the abatement and demolition of the former Scolite Site Building in the amount of $500,000. The City issued $226,733 as the first borrowing against said authorization as a part of the bond anticipation notes issued on February 9, 2017. On February 8, 2018, the City renewed $226,733 bond anticipation notes which mature on February 8, 2019. The City plans to repay the bond anticipation notes in full at maturity with available funds of the City.

On July 6, 2017, the City Council passed a resolution authorizing the issuance of $1,357,695 serial bonds to finance various equipment purchases and capital improvements. On August 3, 2017, the City issued bond anticipation notes in the amount of $870,000 as the first borrowing against this authorization. On August 2, 2018 the City renewed $870,000 bond anticipation notes maturing on August 3, 2018. On February 8, 2018, the City issued $225,000 bond anticipation notes for the cost of mowers and DPW renovations. The City plans to repay the bond anticipation notes in full at maturity with available funds of the City.

On July 6, 2017, the City Council passed a resolution authorizing the issuance of an additional $23,737,191 serial bonds to finance the cost of a capital project described in the Combined Sewer Overflow Long Term Control Plan. To date, no amount has been issued pursuant to this authorization.

On July 6, 2017, the City Council passed a resolution authorizing the issuance of $2,500,000 serial bonds to finance the cost of abatement and demolition of the former Leonard Hospital Building. $2,500,000 bond anticipation notes were issued August 2, 2018 as the first borrowing against said authorization.

On July 6, 2017, the City Council passed a resolution authorizing the issuance of $16,500 serial bonds to finance the purchase of a passenger vehicle. The City issued $16,500 bond anticipation notes on August 2, 2018 as the first borrowing against said authorization.

On July 6, 2017, the City Council passed a resolution authorizing the issuance of $156,795 serial bonds to finance the purchase of equipment and materials for the upgrade of existing parking meters. On August 2, 2018 the City issued $156,795 bond anticipation notes as the first borrowing against said authorization.

On July 6, 2017, the City Council passed a resolution authorizing the issuance of $89,400 serial bonds to finance the purchase of police vehicles. On August 2, 2018 the City issued $89,400 bond anticipation notes as the first borrowing against said authorization.

On January 11, 2018, the City Council passed a resolution authorizing the issuance of $3,500,000 serial bonds to finance the reconstruction of the City water system. $3,500,000 of the bond anticipation notes issued on February 8, 2018 were issued as the first borrowing against this authorization and mature on February 8, 2019. $3,500,000 of the Notes will renew $3,500,000 bond anticipation notes maturing February 8, 2019 for the above mentioned purpose.

On January 11, 2018, the City Council passed a resolution authorizing the issuance of $1,105,000 serial bonds to finance the cost of various capital improvements and public safety projects. On August 2, 2018 the City issued $330,000 bond anticipation notes for the purchase of police and fire vehicles. The proceeds of the Notes will provide an additional $775,000 new monies for the above mentioned purpose.

On January 11, 2018, the City Council passed a resolution authorizing the issuance of $200,000 serial bonds to finance the demolition of buildings. The proceeds of the Notes will provide $200,000 new monies for the above mentioned purpose.

On November 29, 2018, the City Council passed a resolution authorizing the issuance of $1,400,000 serial bonds to finance the cost of reconstruction of South Troy Pool. The proceeds of the Notes will provide $1,400,000 new monies for the above mentioned issue.

On November 29, 2018, the City Council passed a resolution authorizing the issuance of $596,000 serial bonds to finance the cost of various projects for the Police Department. The proceeds of the Notes will provide $596,000 new monies for the above mentioned purpose.

On November 29, 2018, the City Council passed a resolution authorizing the issuance of $1,100,000 serial bonds to finance the cost of reconstruction and improvements to of Knickerbacker Ice Rink. The proceeds of the Notes will provide $550,000 new monies for the above mentioned issue.

On November 29, 2018, the City Council passed a resolution authorizing the issuance of $1,283,000 serial bonds to finance the cost of various projects for the Department of Public Works. The proceeds of the Notes will provide $665,000 new monies for the above mentioned issue.

On November 29, 2018, the City Council passed a resolution authorizing the issuance of $250,000 serial bonds to finance the purchase of police body cameras. The proceeds of the Notes will provide $250,000 new monies for the above mentioned issue.

On November 29, 2018, the City Council passed a resolution authorizing the issuance of $755,000 serial bonds to finance the cost of various projects for the City’s fire department. The proceeds of the Notes will provide $95,000 new monies for the above mentioned issue.

On November 29, 2018, the City Council passed a resolution authorizing the issuance of $200,000 serial bonds to finance the demolition of buildings and structures. The proceeds of the Notes will provide $200,000 new monies for the above mentioned issue.

On November 29, 2018, the City Council passed a resolution authorizing the issuance of $355,000 serial bonds to finance the purchase of sanitation department vehicles. The proceeds of the Notes will provide $355,000 new monies for the above mentioned issue.

On November 29, 2018, the City Council passed a resolution authorizing the issuance of $3,800,000 serial bonds to finance the reconstruction of a swimming pool in Knickerbacker Park. The proceeds of the Notes will provide $500,000 new monies for the above mentioned issue.

On December 20, 2018, the City Council passed a resolution authorizing the issuance of $755,000 serial bonds to finance the cost of various projects for the Fire Department. To date, no amount has been issued pursuant to this authorization.

The City will be sending out a request for proposal for the potential purchase and upgrade of the City’s 4,136 streetlights. The potential cost of the program is estimated to be $4.2 million, but the City will receive a $440,000 grant from the Financial Restructuring Board to offset the cost somewhat. The City may finance this project through a lease finance program, or issue bond anticipation notes initially and then bond for the net remaining amount.

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Estimated Overlapping Indebtedness

In addition to the City, the following political subdivisions have the power to issue bonds and to levy taxes or cause taxes to be levied on taxable real property in the City. Estimated bonds and bond anticipation notes are listed as of the close of the respective fiscal years of the municipalities, not adjusted to include subsequent bond issues.

Municipality	Gross Indebtedness [(1)]	Estimated Exclusions		Net Indebtedness	City Share	Applicable Net Indebtedness
County of:						
Rensselaer	$ 198,857,407	$ 59,714,998	(2)	$ 139,142,409	17.52%	$ 24,377,750
School District:						
Troy City School	74,284,550	66,410,388	(3)	7,874,162	81.42%	6,411,143
					Total:	$ 30,788,893

(1) Pursuant to applicable constitutional and statutory provisions, this indebtedness is deductible from gross indebtedness for debt limit purposes.
(2) Sewer and Water indebtedness.
(3) Estimated State Building Aid of 89.4%.

Source: Comptroller's Special Report on Municipal Affairs for Local Finance Year Ended in 2016 for the County and 2017 for the School District.

Debt Ratios

The following table sets forth certain ratios relating to the City's indebtedness as of January 16, 2019.

	Amount of Indebtedness	Per Capita [(a)]	Percentage of Full Valuation [(b)]
Gross Direct Indebtedness [(c)]	$ 62,912,855	$ 1,269.30	3.54%
Net Direct Indebtedness [(c)]	38,309,088	772.91	2.16
Gross Direct Plus Net Overlapping Indebtedness [(d)]	93,701,748	1,890.48	5.28
Net Direct Plus Net Overlapping Indebtedness [(d)]	69,097,981	1,394.09	3.89

Note: (a) The City's 2017 estimated population is 49,565. (See "THE CITY - Population Trends" herein.)
(b) The City's full valuation of taxable real estate for 2019 is $1,774,994,712. (See "TAX INFORMATION – Taxable Valuations" herein.)
(c) See "Debt Statement Summary" herein.
(d) The City's estimated applicable share of net overlapping indebtedness is $30,788,893. (See "Estimated Overlapping Indebtedness" herein.)

SPECIAL PROVISIONS AFFECTING REMEDIES UPON DEFAULT

Section 3-a of the General Municipal Law provides, subject to exceptions not pertinent, that the rate of interest to be paid by the City upon any judgment or accrued claim against it shall not exceed nine per centum per annum. This provision might be construed to have application to the holders of the Notes in the event of a default in the payment of the principal of or interest on the Notes.

In accordance with the general rule with respect to municipalities, judgments against the City may not be enforced by levy and execution against property owned by the City.

The Federal Bankruptcy Code allows public bodies recourse to the protection of a Federal Court for the purpose of adjusting outstanding indebtedness. Section 85.80 of the Local Finance Law contains specific authorization for any municipality in the State to file a petition under any provision of Federal bankruptcy law for the composition or adjustment of municipal indebtedness.

At the Extraordinary Session of the State Legislature held in November, 1975, legislation was enacted which purported to suspend the right to commence or continue an action in any court to collect or enforce certain short-term obligations of the City of New York. The effect of such act was to create a three-year moratorium on actions to enforce the payment of such obligations. On November 19, 1976, the Court of Appeals, the State's highest court, declared such act to be invalid on the ground that it violates the provisions of the State Constitution requiring a pledge by such City of its faith and credit for the payment of such obligations.

As a result of the Court of Appeals decision, the constitutionality of that portion of Title 6-A of Article 2 of the Local Finance Law enacted at the 1975 Extraordinary Session of the State legislature authorizing any City, county, town or village with respect to which the State has declared a financial emergency to petition the State Supreme Court to stay the enforcement against such municipality of any claim for payment relating to any contract, debt or obligation of the municipality during the emergency period, is subject to doubt. In any event, no such emergency has been declared with respect to the City.

There is in the State Constitution, Article VIII, Section 2, the following provision relating to the annual appropriation of monies for the payment of due principal of and interest on indebtedness of every county, City, town, village and school district in the State: "If at any time the respective appropriating authorities shall fail to make such appropriations, a sufficient sum shall be set apart from the first revenues thereafter received and shall be applied to such purposes. The fiscal officer of any county, City, town, village or school district may be required to set aside and apply such revenues as aforesaid at the suit of any holder of obligations issued for any such indebtedness."

This provision providing for first revenue set asides does not apply to tax anticipation notes, revenue anticipation notes or bond anticipation notes.

MARKET AND RISK FACTORS

The financial and economic condition of the City as well as the market for the Notes could be affected by a variety of factors, some of which are beyond the City's control. There can be no assurance that adverse events in the State and in other jurisdictions in the Country, including, for example, the seeking by a municipality or large taxable property owner of remedies pursuant to the Federal Bankruptcy Code or otherwise, will not occur which might affect the market price of and the market for the Notes. If a significant default or other financial crisis should occur in the affairs of the State or another jurisdiction or any of its agencies or political subdivisions thereby further impairing the acceptability of obligations issued by borrowers within the State, both the ability of the City to arrange for additional borrowings, and the market for and market value of outstanding debt obligations, including the Notes, could be adversely affected.

The City is dependent in part on financial assistance from the State. However, if the State should experience difficulty in borrowing funds in anticipation of the receipt of State taxes and revenues in order to pay State aid to municipalities and school districts in the State, including the City, in any year, the City may be affected by a delay, until sufficient taxes have been received by the State to make State aid payments to the City. In several recent years, the City has received delayed payments of State aid which resulted from the State's delay in adopting its budget and appropriating State aid to municipalities and school districts, and consequent delay in State borrowing to finance such appropriations. (See also "STATE AID").

CONTINUING DISCLOSURE

In order to assist the purchasers in complying with Rule 15c2-12 promulgated by the Securities and Exchange Commission (the "Commission") under the Securities Exchange Act of 1934, as amended ("Rule 15c2-12"), the City will enter into an Undertaking to Provide Notice of Material Events Certificate, the form, substantially of which, is attached hereto as "APPENDIX – C."

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DISCLOSURE COMPLIANCE HISTORY

Except as noted below, the City has in the previous five years complied, in all material respects, with any prior undertakings pursuant to the Rule. Pursuant to a previous continuing disclosure undertaking, the City's annual information and audited financial statements are required to be filed within 120 days of the end of each fiscal year; provided that if audited financial statements are not then available, unaudited financial statements shall be filed on the Electronic Municipal Market Access System ("EMMA") of the Municipal Securities Rulemaking Board and thereafter audited financial statements shall be filed on EMMA when available.

For the fiscal year ending December 31, 2013, the City's annual information and unaudited financial statements were not submitted within 120 days of the end of each of the fiscal year. For the fiscal year ending December 31, 2013 the City's annual information was filed June 30, 2014 and the City's unaudited financial statements were filed June 25, 2014.

A material event notice was filed with EMMA on July 17, 2014 with respect to the late filings.

The unaudited financial statements of the City for the fiscal year ending December 31, 2014 were dated May 29, 2015 and filed to EMMA on June 1, 2015, which filing was not submitted within 120 days of the end of this fiscal year.

The unaudited financial statements of the City for the fiscal year ending December 31, 2015 were dated April 29, 2016 and filed to EMMA on May 9, 2016, which filing was not submitted within 120 days of the end of this fiscal year.

A material event notice was filed with EMMA on July 29, 2016 with respect to the late filings of the 2014 and 2015 unaudited financial statements.

The unaudited financial statements of the City for the fiscal year ending December 31, 2016 were dated May 1, 2017 and filed to EMMA on May 2, 2017, which filing was not submitted within 120 days of the end of this fiscal year.

A material event notice was filed with EMMA on May 2, 2017 with respect to the late filing of the 2016 unaudited financial statements.

The unaudited financial statements of the City for the fiscal year ending December 31, 2017 were dated April 30, 2018 and filed to EMMA on May 2, 2018, which filing was not submitted within 120 days of the end of this fiscal year.

A material event notice was filed with EMMA on May 2, 2018 with respect to the late filing of the 2017 unaudited financial statements.

STATE AID

The City receives financial assistance from the State. The State is not constitutionally obligated to maintain or continue State aid to the City including supplemental small cities aid and Aid Incentives to Municipalities. No assurance can be given that present State aid levels, including, in particular the supplemental small cities aid and Aid Incentives for Municipalities, will be maintained in the future. State budgetary restrictions which eliminate or substantially reduce State aid could have a material adverse effect upon the City, requiring either a counterbalancing increase in revenues from other sources to the extent available, or a curtailment of expenditures. Furthermore, if a significant default or other financial crisis should occur in the affairs of New York State or any of its agencies or political subdivisions thereby further impairing the acceptability of obligations issued by borrowers within the State, both the ability of the City to arrange for additional borrowings, and the market for and market value of outstanding debt obligations, including the Notes, could be adversely affected.

There can be no assurance that the State appropriation for State aid to cities will be continued in future years, either pursuant to existing formulas or any form whatsoever. State aid appropriated and apportioned to the City can be paid only if the State has such monies available therefor. The availability of such monies and the timeliness of such payment could be affected by a delay in the adoption of the State budget or their elimination therefrom.

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TAX MATTERS

The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements that must be met subsequent to the issuance and delivery of the Notes in order that interest on the Notes be and remain excludable from gross income for federal income tax purposes. These requirements include provisions, which prescribe yield and other limits relative to the investment and expenditures of the proceeds of the Notes and other amounts and require that certain earnings be rebated to the federal government. The City will agree to comply with certain provisions and procedures, pursuant to which such requirements can be satisfied. Non-compliance with such requirements may cause interest on the Notes to become included in gross income for federal income tax purposes retroactive to the date of issuance thereof, irrespective of the date on which non-compliance is ascertained.

The Code imposes a 30% branch profits tax on the earnings and profits of a United States branch of certain foreign corporations attributable to its income effectively connected (or treated as effectively connected) with a United States trade or business. Included in the earnings and profits of the United States branch of a foreign corporation is income that would be effectively connected with the United States trade or business if such income were taxable, such as the interest on the Notes. Existing United States income tax treaties may modify, reduce, or eliminate the branch profits tax, except in cases of treaty shopping.

The Code further provides that interest on the Notes is included in the calculation of modified adjusted gross income in determining whether a portion of Social Security or railroad retirement benefits is to be included in taxable income of individuals. In addition, certain S Corporations may have a tax imposed on passive income, including tax-exempt interest, such as interest on the Notes.

Prospective purchasers should consult their tax advisors with respect to the calculations of the alternative minimum tax or foreign branch profits tax liability, and the tax on passive income of S Corporations or the inclusion of Social Security or other retirement payments in taxable income.

In the opinion of Bond Counsel, assuming compliance with certain requirements of the Code, under existing laws, interest on the Notes is not included in gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals.

The opinion of Bond Counsel described herein with respect to the federal income tax treatment of interest paid on the Notes is based upon the current provisions of the Code. There can be no assurance that the Code will not be amended in the future so as to reduce or eliminate such favorable federal income tax treatment on the Notes. Any such future legislation would have an adverse effect on the market value of the Notes.

In addition, in the opinion of Bond Counsel, under existing laws, interest on the Notes is exempt from personal income taxes imposed by the State or any political subdivision thereof, including The City of New York.

LEGAL MATTERS

The legality of the authorization and issuance of the Notes will be covered by the unqualified legal opinion of Bond, Schoeneck & King, PLLC, Bond Counsel, Syracuse, New York. Such legal opinion will state that in the opinion of Bond Counsel (i) the Notes have been authorized and issued in accordance with the Constitution and statutes of the State of New York and constitute valid and legally binding general obligations of the City, all the taxable property within which is subject to the levy of ad valorem taxes to pay the Notes and interest thereon, without limitation as to rate or amount, subject to the statutory limitation imposed by the Tax Cap Law, (ii) interest on the Notes is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof, including the City of New York; and (iii) interest on the Notes is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. The opinions of Bond Counsel set forth in (iii) above are subject to the condition that the City comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Notes in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The City has covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of interest on the Notes in gross income for federal income tax purposes to be retroactive to the date of issuance of the Notes. Bond Counsel expresses no opinion regarding other federal tax consequences arising with respect to the Notes. It is to be understood that the rights of the holders of the Notes and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and that their enforcement may be also subject to exercise of judicial discretion in appropriate cases. See “TAX INFORMATION- Tax Cap Law” herein.

Bond Counsel has not been engaged or undertaken to review the accuracy, completeness or sufficiency of the Official Statement (except to the extent, if any, stated in the Official Statement) or any other offering material relating to the Notes, and Bond Counsel expresses no opinion relating thereto (excepting only matters set forth as Bond Counsel's opinion in the Official Statement).

LITIGATION

The City of Troy, New York is subject to a number of lawsuits in the ordinary course of its affairs. While it is acknowledged that there is the possibility that such lawsuits, individually or in the aggregate, may have a material adverse impact upon the financial condition of the City, each of these lawsuits is being vigorously defended by experienced counsel and the City does have substantial liability insurance coverage.

There is no action, suit, proceedings or investigation, at law or in equity, before or by any court, public board or body pending or, to the best knowledge of the City, threatened against or affecting the City to restrain or enjoin the issuance, sale or delivery of the Notes or the levy and collection of taxes or assessments to pay same, or in any way contesting or affecting the validity of the Notes or any proceedings or authority of the City taken with respect to the authorization, issuance or sale of the Notes or contesting the corporate existence or boundaries of the City.

RATING

The Notes were sold as not rated. The purchaser, Oppenheimer & Co., has chosen to obtain a rating for the Notes after the sale. Receipt of such rating will result in a material event notification to be posted to EMMA which is required by the City's continuing disclosure undertakings, the description of which is attached hereto as "APPENDIX – C".

Moody's Investors Service assigned its rating of "A2" with a positive outlook to the City's outstanding bonds. A rating reflects only the view of the rating agency assigning such rating and any desired explanation of the significance of such rating should be obtained from Moody's Investors Service, 7 World Trade Center, 250 Greenwich Street, New York, New York 10007, Phone: (212) 553-1653.

S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P") has assigned their issuer credit rating of "A-" with a stable outlook to the City. S&P assigned their bond rating of "AA (stable outlook)" to the City's $1,121,888 Public Improvement (Serial) Bonds, 2018 based upon the issuance by Municipal Assurance Corp. of its standard form of Municipal Bond Insurance Policy. A rating reflects only the view of the rating agency assigning such rating and any desired explanation of the significance of such rating should be obtained from S&P, Public Finance Ratings, 55 Water Street, 38th Floor, New York, New York 10041, Phone: (212) 553-0038, Fax: (212) 553-1390.

Generally, rating agencies base their ratings on the information and materials furnished to it and on investigations, studies and assumptions by the respective rating agency. There is no assurance that a rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by such rating agency if, in its judgment, circumstances so warrant. Any downward revision or withdrawal of the rating of the outstanding bonds may have an adverse effect on the market price of the Notes.

MUNICIPAL ADVISOR

Fiscal Advisors & Marketing, Inc. (the "Municipal Advisor") is a Municipal Advisor registered with the Securities and Exchange Commission and the Municipal Securities Rulemaking Board. The Municipal Advisor serves as independent financial advisor to the City on matters relating to debt management. The Municipal Advisor is a financial advisory and consulting organization and is not engaged in the business of underwriting, marketing, or trading municipal securities or any other negotiated instruments. The Municipal Advisor has provided advice as to the plan of financing and the structuring of the Notes. The advice on the plan of financing and the structuring of the Notes was based on materials provided by the City and other sources of information believed to be reliable. The Municipal Advisor has not audited, authenticated, or otherwise verified the information provided by the City or the information set forth in this Official Statement or any other information available to the City with respect to the appropriateness, accuracy, or completeness of disclosure of such information and no guarantee, warranty, or other representation is made by the Municipal Advisor respecting the accuracy and completeness of or any other matter related to such information and this Official Statement. The fees to be paid by the City to Fiscal Advisors are partially contingent on the successful closing of the Notes.

CUSIP IDENTIFICATION NUMBERS

It is anticipated that CUSIP (an acronym that refers to Committee on Uniform Security Identification Procedures) identification numbers will be printed on the Notes. All expenses in relation to the printing of CUSIP numbers on the Notes will be paid for by the City provided, however; the City assumes no responsibility for any CUSIP Service Bureau charge or other charge that may be imposed for the assignment of such numbers.

MISCELLANEOUS

So far as any statements made in this Official Statement involve matters of opinion or estimates whether or not expressly stated, they are set forth as such and not as representations of fact, and no representation is made that any of the statements will be realized. Neither this Official Statement nor any statement that may have been made verbally or in writing is to be construed as a contract with the holders of the Notes.

Statements in this official statement, and the documents included by specific reference, that are not historical facts are forward-looking statements, which are based on the City management's beliefs as well as assumptions made by, and information currently available to, the City's management and staff. Because the statements are based on expectations about future events and economic performance and are not statements of fact, actual results may differ materially from those projected. Important factors that could cause future results to differ include legislative and regulatory changes, changes in the economy, and other factors discussed in this and other documents that the City's files with the repositories. When used in City documents or oral presentation, the words "anticipate", "estimate", "expect", "objective", "projection", "forecast", "goal", or similar words are intended to identify forward-looking statements.

Any statements made in this Official Statement and indicated to involve matters of opinion or estimates are represented to be opinions or estimates in good faith. No assurance can be given, however, that the facts will materialize as so opined or estimated. Neither this Official Statement nor any statement which may have been made verbally or in writing is to be construed as a contract with the holders of the Notes.

The Municipal Advisor may place a copy of this Official Statement on its website at www.fiscaladvisors.com. Unless this Official Statement specifically indicates otherwise, no statement on its website is included by specific reference or constitutes a part of this Official Statement. The Municipal Advisor has prepared its website information for your convenience, but you should not make any decision in reliance upon that information. Typographical or other errors may have occurred in converting original source documents to digital format, and the Financial Advisor assumes no liability or responsibility for errors or omissions on its website. Further, the Financial Advisor disclaims any duty or obligation either to update or to maintain that information or any responsibility or liability for any damages caused by viruses in the electronic files on its website. The Financial Advisor also assumes no liability or responsibility for any errors or omissions or for any updates to dated website information.

The City will act as Paying Agent for the Notes.

The City contact information is as follows: Mr. Andrew Piotrowski, Deputy City Comptroller, City Hall, 433 River Street, Troy, New York 12180, Phone: (518) 279-7103, Fax: (518) 268-1682, Email: andrew.piotrowski@troyny.gov.

This Official Statement has been duly executed and delivered by the Deputy City Comptroller of the City of Troy.

CITY OF TROY

Dated: January 23, 2019

ANDREW PIOTROWSKI
Deputy City Comptroller

GENERAL FUND

Balance Sheets

Fiscal Years Ending	2013	2014	2015	2016	2017
ASSETS					
Cash and Cash Equivalents	$ 3,873,987	$ 2,434,475	$ 2,553,243	$ 11,108,517	$ 13,819,505
Cash with Fiscal Agent	9,086,639	9,843,574	9,788,637	10,247,567	10,850,507
Taxes Receivable, net	8,748,747	8,636,215	7,859,874	5,432,262	5,525,744
Other Receivables	2,200,553	2,469,578	2,568,775	2,437,774	2,569,437
Due from Other Funds	1,865,118	1,171,633	1,926,575	1,973,218	1,320,554
Due From Other Governments	4,549,272	4,667,503	4,683,548	4,950,401	4,794,983
Prepaid and other assets	38,950	30,490	1,783,943	31,235	138,978
Other	-	-	720	-	-
TOTAL ASSETS	$ 30,363,266	$ 29,253,468	$ 31,165,315	$ 36,180,974	$ 39,019,708
LIABILITIES AND FUND EQUITY					
Accounts Payable	$ 1,944,313	$ 1,299,800	$ 2,218,575	$ 2,518,566	$ 1,556,455
Accrued Liabilities	1,647,807	447,162	301,423	6,303,279	7,950,525
Notes and Loans payable	-	-	-	-	-
Compensated Absences	-	-	-	-	-
Due to Other Funds	98,529	757,857	549,190	553,307	1,240,422
Due to Other Governments	7,339,044	8,484,414	8,075,344	7,008,828	7,484,679
Deferred Revenue	6,129,384	6,089,163	5,494,716	3,282,893	3,386,786
Other Liabilities	271,035	277,318	271,009	220,542	267,074
TOTAL LIABILITIES	17,430,112	17,355,714	16,910,257	19,887,415	21,885,941
FUND EQUITY					
Nonspendable	$ 38,950	$ 30,490	$ 1,783,943	$ 31,235	$ 138,978
Restricted	11,414,806	10,636,895	11,269,611	14,739,434	14,970,763
Assigned	181,577	153,625	63,281	147,830	225,095
Unassigned	1,297,821	1,076,744	1,138,223	1,375,069	1,798,931
TOTAL FUND EQUITY	12,933,154	11,897,754	14,255,058	16,293,568	17,133,767
TOTAL LIABILITIES and FUND EQUITY	$ 30,363,266	$ 29,253,468	$ 31,165,315	$ 36,180,982	$ 39,019,708

Source: 2013-2017 Audited financial reports of the City. This Appendix itself is not audited.

GENERAL FUND

Revenues, Expenditures and Changes in Fund Balance

Fiscal Years Ending	2012	2013	2014	2015	2016
REVENUES					
Real Property Taxes and Tax Items	$ 20,981,710	$ 20,830,859	$ 20,701,503	$ 22,056,430	$ 23,328,215
Non-Property Tax Items	15,875,337	16,141,523	16,680,234	16,578,008	16,856,149
Intergovernmental Charges	260,628	292,471	254,032	326,370	244,570
Departmental Income	5,396,550	5,833,405	4,858,522	5,228,857	5,779,178
Use of Money & Property	156,045	64,750	59,098	46,395	72,533
Licenses and Permits	632,755	664,402	763,615	731,269	945,121
Fines and Forfeitures	1,245,569	1,057,118	1,018,098	1,194,873	1,459,022
Sale of Property and Compensation for Loss	1,293,997	152,204	32,658	35,067	118,155
Miscellaneous	555,641	675,518	1,285,446	1,384,118	1,765,121
Interfund	1,585,760	1,530,226	1,716,042	1,575,773	1,591,349
Revenues from State Sources	13,798,731	13,759,501	13,529,223	13,742,491	13,613,982
Revenues from Federal Sources	995,417	716,625	929,313	1,021,860	773,739
Total Revenues	$62,778,140	$61,718,602	$61,827,784	$63,921,511	$66,547,134
EXPENDITURES					
General Government Support	$ 9,202,103	$ 8,780,878	$ 9,035,052	$ 8,840,406	$ 8,188,894
Public Safety & Health	33,660,989	33,525,205	34,247,879	33,342,994	35,610,090
Health	171,643	174,557	175,413	157,605	171,007
Transportation	3,683,341	4,257,130	4,185,828	4,180,084	3,754,075
Culture and Recreation	2,624,777	2,320,672	2,445,760	2,316,286	2,237,594
Home and Community Services	4,180,014	4,418,853	4,242,478	4,140,458	3,894,450
Employee Benefits	5,161,524	4,167,393	4,119,800	4,610,292	4,938,137
Debt Service	6,095,624	6,440,943	6,269,114	6,532,530	6,743,593
Total Expenditures	$ 64,780,015	$ 64,085,631	$ 64,721,324	$ 64,120,655	$ 65,537,840
Excess of Revenues Over (Under) Expenditures	($2,001,875)	($2,367,029)	($2,893,540)	($199,144)	$1,009,294
Other Financing Sources (Uses):					
Bond Proceeds	738,648	-	-	-	-
Operating Transfers In	2,154,674	2,331,848	2,653,611	2,211,809	2,437,733
Operating Transfers Out	(911,778)	(805,234)	(795,471)	(725,000)	(1,408,526)
Total Other Financing	1,981,544	1,526,614	1,858,140	1,486,809	1,029,207
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	($20,331)	($840,415)	($1,035,400)	$1,287,665	$2,038,501
FUND BALANCE					
Fund Balance - Beginning of Year	13,793,900	13,773,569	12,933,154	11,897,754	14,255,058
Prior Period Adjustments (net)	-	-	-	1,069,639	-
Fund Balance - End of Year	$ 13,773,569	$ 12,933,154	$ 11,897,754	$ 14,255,058	$ 16,293,559

Source: Audited financial reports of the City. This Appendix itself is not audited.

GENERAL FUND

Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

Fiscal Years Ending	2017 Original Budget	2017 Final Budget	2017 Actual	2018 Adopted Budget	2019 Adopted Budget
REVENUES					
Real Property Taxes & Tax Items	$ 25,666,503	$ 25,666,503	$ 25,985,375	$ 26,089,068	$ 27,028,173
Non-Property Tax Items	16,535,000	16,535,000	17,360,384	16,825,000	17,100,000
Departmental Income	5,280,000	5,630,000	5,486,830	8,252,500	4,856,000
Use of Money and Property	74,500	74,500	105,291	59,000	71,500
Intergovermental Charges	265,315	265,915	244,950	250,000	340,000
Licenses and Permits	1,019,000	1,019,000	814,086	1,062,000	837,550
Fines and Forfeitures	1,153,500	1,153,500	1,333,438	1,355,000	1,475,000
Sale of Property and Compensation for Loss	35,000	86,565	105,071	31,500	45,000
Interfund Revenues	1,726,106	1,726,106	1,525,316	1,700,971	2,285,405
Miscellaneous	1,240,000	1,249,000	1,602,133	1,305,000	1,406,655
Revenues from State Sources	13,829,463	14,870,754	14,352,843	13,945,000	14,418,671
Revenues from Federal Sources	893,434	1,257,196	1,250,310	552,006	220,747
Total Revenues	$ 67,717,821	$ 69,534,039	$ 70,166,027	$ 71,427,045	$ 70,084,701
EXPENDITURES					
General Government Support	$ 9,080,314	$ 8,775,624	$ 7,918,772	$ 10,032,747	$ 9,462,251
Public Safety	36,208,935	37,018,366	35,513,826	37,182,277	39,307,150
Transportation	3,539,368	3,688,255	3,908,319	3,570,034	3,664,222
Health	178,074	178,074	180,954	187,621	188,907
Culture and Recreation	1,838,574	1,890,247	1,847,883	2,175,067	2,053,235
Home and Community Services	4,276,675	4,320,174	3,975,919	4,293,250	1,010,729
Employee Benefits	6,192,314	6,292,314	6,454,869	7,327,277	6,879,738
Debt Service	7,245,567	7,245,567	7,316,564	7,670,772	9,239,572
Total Expenditures	$ 68,559,821	$ 69,408,621	$ 67,117,106	$ 72,439,045	$ 71,805,804
Excess of Revenues Over (Under) Expenditures	(842,000)	125,418	3,048,921	(1,012,000)	(1,721,103)
Other Financing Sources (Uses):					
Operating Transfers In	2,222,000	2,222,000	881,742	2,222,000	3,455,878
Operating Transfers Out	(1,380,000)	(2,465,590)	(3,090,455)	(1,210,000)	(1,734,775)
Total Other Financing	842,000	(243,590)	(2,208,713)	1,012,000	1,721,103
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	-	(118,172)	840,208	-	-
FUND BALANCE					
Fund Balance - Beginning of Year	-	118,172	16,406,947	-	-
Prior Period Adjustment	-	-	(113,388)	-	-
Fund Balance - End of Year	$ -	$ -	$ 17,133,767	$ -	$ -

Source: 2017 Audited financial statements and the 2018 and 2019 budgets of the City. This Appendix itself is not audited.

BONDED DEBT SERVICE (1) (2)

Fiscal Year Ending December 31st	Principal	Interest	Total
2019	$ 509,768	$ 186,783.73	$ 696,551.73
2020	466,182	171,492.13	637,674.13
2021	484,748	156,082.47	640,830.47
2022	493,585	139,534.20	633,119.20
2023	277,130	122,863.22	399,993.22
2024	283,630	113,142.18	396,772.18
2025	285,170	103,173.36	388,343.36
2026	296,750	93,144.22	389,894.22
2027	308,380	82,690.96	391,070.96
2028	310,040	71,764.36	381,804.36
2029	191,760	60,431.04	252,191.04
2030	193,510	52,891.33	246,401.33
2031	200,310	44,699.37	245,009.37
2032	202,160	37,426.38	239,586.38
2033	209,060	29,508.76	238,568.76
2034	216,010	21,257.78	237,267.78
2035	140,000	13,648.66	153,648.66
2036	145,000	6,944.06	151,944.06
TOTALS	$ 5,213,193	$ 1,507,478.21	$ 6,720,671.21

(1) Note the totals above do not include the Muncipal Assistance Corportaion (M.A.C.) Repayment Agreement payments. Pursuant to Chapter 444 of the Laws of 1996, all Corporation bonds and notes are not counted towards the City's Constitutional or statutory debt limit. As of December 31, 2018, The indebtedness outstanding through the Corporation is $21,376,234.

(2) Note the totals above do not include principal and interest payements on the City's outstanding Capital Leases. As of December 31, 2018, the principal amount of capital leases outstanding is $2,534,514.

MATERIAL EVENT NOTICES

In accordance with the provisions of Rule 15c2-12, as the same may be amended or officially interpreted from time to time (the "Rule"), promulgated by the Commission pursuant to the Securities Exchange Act of 1934, the City has agreed to provide or cause to be provided, in a timely manner not in excess of ten (10) business days after the occurrence of the event, during the period in which the Notes are outstanding, to the EMMA system of the Municipal Securities Rulemaking Board ("MSRB") or any other entity designated or authorized by the Commission to receive reports pursuant to the Rule, notice of the occurrence of any of the following events with respect to the Notes:

(a) principal and interest payment delinquencies

(b) non-payment related defaults, if material

(c) unscheduled draws on debt service reserves reflecting financial difficulties

(d) in the case of credit enhancement, if any, provided in connection with the issuance of the Notes, unscheduled draws on credit enhancements reflecting financial difficulties

(e) substitution of credit or liquidity providers, or their failure to perform

(f) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701 TEB) or other material notices or determinations with respect to the tax status of the Note, or other material events affecting the tax status of the Notes

(g) modifications to rights of Note holders, if material

(h) note calls, if material and tender offers

(i) defeasances

(j) release, substitution, or sale of property securing repayment of the Note

(k) rating changes

(l) bankruptcy, insolvency, receivership or similar event of the City

(m) the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material

(n) appointment of a successor or additional trustee or the change of name of a trustee, if material

Event (c) is included pursuant to a letter from the SEC staff to the National Association of Bond Lawyers dated September 19, 1995. However, event (c) is not applicable, since no "debt service reserves" will be established for the Notes.

With respect to event (d) the City does not undertake to provide any notice with respect to credit enhancement added after the primary offering of the Notes.

For the purposes of the event identified in paragraph (l) of this section, the event is considered to occur when any of the following occur: The appointment of a receiver, fiscal agent or similar officer for the City in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the City, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the City.

The City may from time to time choose to provide notice of the occurrence of certain other events, in addition to those listed above, if the City determines that any such other event is material with respect to the Notes; but the City does not undertake to commit to provide any such notice of the occurrence of any material event except those events listed above.

The City reserves the right to terminate its obligation to provide the aforedescribed notices of material events, as set forth above, if and when the City no longer remains an obligated person with respect to the Notes within the meaning of the Rule. The City acknowledges that its undertaking pursuant to the Rule described under this heading is intended to be for the benefit of the holders of the Notes (including holders of beneficial interests in the Notes). The right of holders of the Notes to enforce the provisions of the undertaking will be limited to a right to obtain specific enforcement of the City's obligations under its material event notices undertaking and any failure by the City to comply with the provisions of the undertaking will neither be a default with respect to the Notes nor entitle any holder of the Notes to recover monetary damages.

The City reserves the right to modify from time to time the specific types of information provided or the format of the presentation of such information, to the extent necessary or appropriate in the judgment of the City; provided that the City agrees that any such modification will be done in a manner consistent with the Rule.

An "Undertaking to Provide Notice of Material Events" to this effect shall be provided to the purchaser(s) at closing.

CITY OF TROY
RENSSELAER COUNTY, NEW YORK

AUDITED FINANCIAL REPORT

For the Year Ended December 31, 2017

Such Audited Financial Statement and opinion were prepared as of date thereof and have not been reviewed and/or updated in connection with the preparation and dissemination of this Official Statement.

CONTENTS

Bonadio & Co., LLP
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

September 27, 2018

To the City Council of the
City of Troy, New York:

Report on the Financial Statements

We have audited the accompanying financial statements of City of Troy, New York (City), which comprise the balance sheet – all fund types and non-current government liability account group – other basis as of December 31, 2017, and the statements of revenues, expenditures and changes in fund balance – governmental fund types – other basis and the related notes to the financial statements, which collectively comprise the City's financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with an other basis of accounting as allowed by the New York State Office of the State Comptroller as described in Note A; this includes determining that the other basis of accounting is an acceptable basis under the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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(Continued)

INDEPENDENT AUDITOR'S REPORT (Continued)

Basis for Adverse Opinion on Financial Statements in Accordance with U.S. Generally Accepted Accounting Principles
As described in Note A, the financial statements are prepared by the City on an other basis of accounting, in accordance with financial reporting provisions allowed by the NYS Office of the State Comptroller, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statements of the variances between the other basis of accounting described in Note A and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on Financial Statements in Accordance with U.S. Generally Accepted Accounting Principles
In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on Financial Statements in Accordance with U.S. Generally Accepted Accounting Principles paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the City as of December 31, 2017, or the changes in financial position thereof for the year then ended.

Unmodified Opinion on Other Basis of Accounting
In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, deferred outflows, liabilities, deferred inflows and fund balances – all fund types and non-current government liability account group – other basis of the City of Troy, New York as of December 31, 2017, and its revenues, expenditures and changes in fund balances - governmental fund types – other basis - for the year then ended, in accordance with the other basis of accounting, as described in Note A.

Report on Other Information
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements – other basis. The budgetary comparison information, balance sheet – non-current governmental assets account group, and schedules of funding progress – other post-employment benefits plan, proportionate share of net pension liability and contributions – pension plan are presented for purposes of additional analysis and are not a required part of the basic financial statements – other basis. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements – other basis.

The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements – other basis. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements – other basis and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements – other basis or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements – other basis as a whole.

(Continued)

INDEPENDENT AUDITOR'S REPORT (Continued)

Report on Other Information (Continued)
The budgetary comparison information, balance sheet – non-current governmental assets account group, and schedules of funding progress – other post-employment benefits plan, proportionate share of net pension liability and contributions – pension plan have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*
In accordance with *Government Auditing Standards*, we have also issued our report dated September 27, 2018 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Bonadio & Co., LLP

CITY OF TROY, NEW YORK

BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS - OTHER BASIS OF ACCOUNTING

DECEMBER 31, 2017

	Governmental Funds							Fiduciary Fund Types	Account Group
		Special Revenue Funds						Combined	Non-current
	General Fund	Special Grant Fund	Water Fund	Sewer Fund	Debt Service Fund	Capital Projects Fund	Total	Agency Funds	Governmental Liabilities
ASSETS									
ASSETS:									
Cash and cash equivalents	$ 13,819,505	$ 1,929,906	$ 5,086,125	$ 1,629,828	$ 158,112	$ 16,938,753	$ 39,562,229	$ 1,888,599	$ -
Cash with fiscal agent	10,850,507	-	-	-	3,216,205	-	14,066,712	-	-
Due from other governments	4,794,983	1,009,437	1,203,294	168,731	-	257,671	7,434,116	-	-
Taxes receivable, net	5,525,744	-	-	-	-	-	5,525,744	-	-
Other receivables	2,569,437	138,024	973,933	931,222	-	-	4,612,616	-	-
Due from other funds	1,320,554	177,379	175	-	700,390	2,519,986	4,718,484	-	-
Prepaid and other assets	138,978	-	22,031	-	-	-	161,009	-	-
Other current assets	-	-	-	-	-	-	-	36,338	-
Amounts to be provided for retirement of long-term liabilities	-	-	-	-	-	-	-	-	141,220,222
TOTAL ASSETS	$ 39,019,708	$ 3,254,746	$ 7,285,558	$ 2,729,781	$ 4,074,707	$ 19,716,410	$ 76,080,910	$ 1,924,937	$ 141,220,222

(Continued)

See notes to financial statements

CITY OF TROY, NEW YORK
BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS - OTHER BASIS OF ACCOUNTING (CONTINUED)
DECEMBER 31, 2017

	Governmental Funds							Fiduciary Fund Types	Account Group
		Special Revenue Funds							
	General Fund	Special Grant Fund	Water Fund	Sewer Fund	Debt Service Fund	Capital Projects Fund	Total	Combined Agency Fund	Non-current Governmental Liabilities
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE									
LIABILITIES:									
Accounts payable	$ 1,556,455	$ 742,796	$ 373,422	$ 34,667	$ -	$ 544,302	$ 3,251,642	$ 881,623	$ -
Accrued liabilities	7,950,525	-	177,776	50,947	-	-	8,179,248	-	-
Other liabilities	267,074	-	47,660	-	-	-	314,734	-	6,339,115
Due to other governments	7,484,679	-	-	-	-	9,556	7,494,235	-	-
Due to Employee's Retirement System	-	-	-	-	-	-	-	-	8,421,692
Due to other funds	1,240,422	483,869	77,880	1,772,574	-	100,425	3,675,170	1,043,314	-
Unearned revenue	-	400,229	18,510	-	-	-	418,739	-	-
Bonds, BANs and capital leases payable	-	-	-	-	-	18,354,733	18,354,733	-	8,731,517
Matured bonds	-	-	41,365	-	-	-	41,365	-	-
Repayment agreements	-	-	-	-	-	-	-	-	24,454,507
Other post employment benefits	-	-	-	-	-	-	-	-	71,430,425
Net pension liability	-	-	-	-	-	-	-	-	17,660,646
Total liabilities	18,499,155	1,626,894	736,613	1,858,188	-	19,009,016	41,729,866	1,924,937	137,037,902
DEFERRED INFLOWS OF RESOURCES									
Deferred inflows of resources - pensions	-	-	-	-	-	-	-	-	4,182,320
Deferred taxes	3,386,786	-	-	-	-	-	3,386,786	-	-
Total deferred inflows of resources	3,386,786	-	-	-	-	-	3,386,786	-	4,182,320
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	21,885,941	1,626,894	736,613	1,858,188	-	19,009,016	45,116,652	1,924,937	141,220,222
FUND BALANCES:									
Nonspendable	138,978	-	-	-	-	-	138,978	-	-
Restricted	14,970,763	-	-	-	4,074,707	-	19,045,470	-	-
Assigned	225,095	1,627,852	6,548,945	871,593	-	707,394	9,980,879	-	-
Unassigned	1,798,931	-	-	-	-	-	1,798,931	-	-
Total Fund Balance	17,133,767	1,627,852	6,548,945	871,593	4,074,707	707,394	30,964,258	-	-
Total Liabilities, Deferred Inflows of Resources and Fund Balance	$ 39,019,708	$ 3,254,746	$ 7,285,558	$ 2,729,781	$ 4,074,707	$ 19,716,410	$ 76,080,910	$ 1,924,937	$ 141,220,222

See notes to financial statements

CITY OF TROY, NEW YORK

STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUND TYPES - OTHER BASIS OF ACCOUNTING
FOR THE YEAR ENDED DECEMBER 31, 2017

	Governmental Fund Types						
	General Fund	Special Grant Fund	Water Fund	Sewer Fund	Debt Service Fund	Capital Projects Fund	Total
REVENUES:							
Real property taxes and tax items	$ 25,985,375	$ -	$ -	$ -	$ -	$ -	$ 25,985,375
Nonproperty tax items	17,360,384	-	-	-	-	-	17,360,384
Departmental income	5,486,830	262,233	11,863,747	4,193,266	-	-	21,806,076
Intergovernmental charges	244,950	-	35,418	-	-	-	280,368
Use of money and property	105,291	715	282,665	391	179,424	17,181	585,667
Licenses and permits	814,086	-	12,590	-	-	-	826,676
Fines and forfeitures	1,333,438	137,666	-	-	-	-	1,471,104
Interfund revenue	1,525,316	-	327,000	-		-	1,852,316
Sale of property and compensation for loss	105,071	-	49,389	-	-	-	154,460
Miscellaneous	1,602,133	76,617	96,172	21,944	-	247,342	2,044,208
State aid	14,352,843	153,953	-	-	-	2,329,383	16,836,179
Federal aid	1,250,310	1,817,172	-	-	-	205,067	3,272,549
Total revenues	70,166,027	2,448,356	12,666,981	4,215,601	179,424	2,798,973	92,475,362
EXPENDITURES:							
General governmental support	7,918,772	2,454,055	374,882	-	7,369	-	10,755,078
Public safety	35,513,826	-	-	-	-	-	35,513,826
Public health	180,954	-	-	-	-	-	180,954
Transportation	3,908,319	-	-	-	-	-	3,908,319
Culture and recreation	1,847,883	-	-	-	-	-	1,847,883
Home and community services	3,975,919	-	9,196,372	2,168,368	-	-	15,340,659
Employee benefits	6,454,869	-	-	-	-	-	6,454,869
CAPITAL EXPENDITURES:							
General governmental support	-	-	9,946	-	-	2,741,602	2,751,548
Transportation	-	-	-	-	-	1,565,690	1,565,690
Public safety	-	-	-	-	-	367,528	367,528
Culture and recreation	-	-	-	-	-	209,846	209,846
Home and community services	-	-	-	-	-	3,280,040	3,280,040
DEBT SERVICE:							
Principal	4,303,459	-	378,030	48,890	-	-	4,730,379
Interest	3,013,105	-	181,966	25,790	-	-	3,220,861
Total expenditures	67,117,106	2,454,055	10,141,196	2,243,048	7,369	8,164,706	90,127,480
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	3,048,921	(5,699)	2,525,785	1,972,553	172,055	(5,365,733)	2,347,882
OTHER FINANCING SOURCES (USES):							
Proceeds from issuance of debt	-	-	-	-	-	1,719,637	1,719,637
BANs redeemed from appropriations	-	-	-	-	-	673,000	673,000
Operating transfers - in	881,742	649,152	1,241,353	-	700,390	4,882,887	8,355,524
Operating transfers - out	(3,090,455)	(67,421)	(902,390)	(1,972,553)	(1,081,352)	(1,241,353)	(8,355,524)
Total other financing sources (uses)	(2,208,713)	581,731	338,963	(1,972,553)	(380,962)	6,034,171	2,392,637
CHANGE IN FUND BALANCE	840,208	576,032	2,864,748	-	(208,907)	668,438	4,740,519
FUND BALANCE - beginning of year	16,293,559	1,051,820	3,684,197	871,593	4,283,614	38,956	26,223,739
FUND BALANCE - end of year	$ 17,133,767	$ 1,627,852	$ 6,548,945	$ 871,593	$ 4,074,707	$ 707,394	$ 30,964,258

NOTE A – NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations
The City of Troy, New York (The City) was established during 1789 within the County of Rensselaer (County); was incorporated during 1816; and is governed by its Charter, General City Law, other general laws of the State of New York, and various local laws. The Mayor is responsible for overall operations and serves as Chief Executive Officer. The City Comptroller serves as Chief Fiscal Officer. All legislative power of the City is vested in the City Council, whose powers are specified in Section 2.08 of the City Charter.

The City provides multiple services, including general government support, police and fire protection, refuse and garbage collection, water and sewer, and recreation.

Basis of Accounting
The City has elected to prepare its financial statements using an other basis of accounting allowed by the New York State Office of the State Comptroller for annual reports to that office. This basis of accounting is another basis of accounting which varies from accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The other basis allowed by the New York State Office of the Comptroller uses the modified accrual basis of accounting for governmental funds and fiduciary funds; accrual basis accounting is used for the account groups. This basis differs from GAAP primarily in that neither government wide financial statements, nor management's discussion and analysis are prepared.

Use of Estimates
In preparing financial statements in conformity with the accounting principles described above, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

A summary of the significant accounting policies consistently applied in the preparation of the accompanying basic financial statements follows:

1. *Financial Reporting Entity*

In evaluating how to define the City for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in reporting to the NYS Office of the State Comptroller. The State Comptroller does not require that component units be included in the City financial statements.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1. *Financial Reporting Entity* – Continued

The following are a description of entities that are related to the City:

Excluded From the Reporting Entity

Although the following organizations, functions, or activities are related to the City, they are not included in the City reporting entity for the reasons noted previously:

Municipal Assistance Corporation for the City of Troy (MAC)
The Municipal Assistance Corporation for the City of Troy was created during 1995 under the provisions of Section 3053 of the Financial Control Act (see Note I). The MAC is an authority of the State of New York. The members of the authority have complete responsibility for managing the MAC and are not presumed to be a component unit of the City. The enabling legislation creating the MAC was amended June 29, 1995, with an effective date of July 19, 1995, and was again amended August 5, 1996.

City of Troy Supervisory Board
Per the provision of Chapter 721 of the Laws of 1994 as amended by Chapters 187 and 188 of the Laws of 1995 and Chapters 444 and 445 of the Laws of 1996 (see Note I), the State Legislature created the City of Troy Supervisory Board. Per the legislation, the City is to establish a general debt service fund to be overseen by the New York State Office of the State Comptroller. The City does not have any oversight responsibility over the Supervisory Board.

2. *Measurement Focus, Basis of Accounting, and Financial Statement Presentation*

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Governmental funds are accounted for using the modified accrual basis and the fiduciary fund is accounted for using the full accrual basis using a current financial resources focus. With this measurement focus, generally only current assets and current liabilities are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

Under the modified accrual basis of accounting, governmental fund revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be reasonably determined, and available means the related cash resources are collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The City considers property taxes available if they are collected within 60 days after year-end. Property taxes determined to be collectible after the 60-day period are recorded as deferred revenues. The City uses a 60-day availability period for other significant governmental revenue sources. In addition to property taxes, governmental revenues susceptible to accrual include sales tax, state and federal aid, and certain other significant revenues. Fines, permits, and parking meter revenues are not susceptible to accrual because generally they are not measurable until received. For state and federal grants, if reimbursement of expenditures is the prime factor for determining eligibility, revenues from federal and state grants are accrued when the expenditure is made.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. *Measurement Focus, Basis of Accounting, and Financial Statement Presentation* – Continued

The balance sheet sometimes reports a separate section for deferred outflows and deferred inflows of resources. These separate financial statement elements, deferred outflows and deferred inflows of other resources, represents a consumption of the balance sheet that applies to a future period and so will not be recognized as outflow and inflow of resources until then. The deferred outflows relate to pensions and deferred inflows relate to property taxes and pensions.

Governmental fund expenditures are recorded when the fund liability is incurred except that:

- Payment of prepaid expenses and purchase of inventory type items are recorded as expenditures when the related amounts are due and payable. This method is generally referred to as the purchase method, as opposed to the consumption method used in the government-wide financial statements.

- Principal and interest on indebtedness are recorded as expenditures when the related debt service amounts are due and payable.

- Compensated absences, such as vacation leave and compensation time, which vest or accumulate with eligible employees, are recorded as expenditures in the payroll period that the leave credits are used by employees.

- Current pension costs payable to the New York State Retirement Systems are recorded as expenditures when billed by the Systems.

- Costs of acquiring fixed assets are recorded as expenditures when the related acquisition amounts are due and payable.

3. *Fund Accounting*

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The activities of each fund are accounted for within a separate set of self-balancing accounts that comprise its assets, deferred outflows, liabilities, deferred inflows, fund balance, revenues, and expenditures which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with specific regulations, restrictions, or limitations. The City's fund types and account groups are as follows:

<u>Fund Types</u>

<u>Governmental Funds</u> are those through which most governmental functions are financed. The acquisition, use, and balances of expendable financial resources, and the related liabilities are accounted for through governmental funds. The City's governmental fund types are as follows:

a. <u>General Fund</u> is the principal operating fund of the City and accounts for general tax revenues, miscellaneous receipts not allocated by law or contractual agreement to another fund, risk retention operations, and general operating expenditures. This fund operates within the financial limits of an annual budget adopted by the City Council.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. *Fund Accounting* – Continued

b. Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes. Special Revenue Funds of the City include the following:

Special Grant Fund is used principally to account for the use of federal monies received under Community Development and other Department of Housing and Urban Development Funds.

Water Fund is used to report operations of the City's water treatment and supply facilities that provide drinking water to all City residents, as well as to certain other local communities outside the City's corporate boundaries.

Sewer Fund is used to report operations of the City's wastewater treatment facilities and sanitary sewer system that is provided to all City residents.

c. Debt Service Fund is used to account for the accumulation of resources reserved for future debt payments. Unexpended balances of proceeds and earnings on proceeds of borrowings for capital projects are transferred from the Capital Projects Fund and held until appropriated.

d. Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major capital assets for governmental activities. Financing is generally provided from proceeds of bonds, notes, federal and state grants, and transfers from other governmental funds.

Fiduciary Funds are used to report resources that are held by the City in a trust or agency capacity for others and cannot be used to support the City's own programs. Fiduciary funds include pension and other employee benefit trust funds, investment trust funds, private purpose trust funds, and agency funds. The City does not maintain any investment or private purpose trust funds, but does maintain the following Fiduciary Funds:

a. Agency Funds are used to account for monies and property held by the City as agent for others pending disposition to the applicable parties.

In addition to the various funds, the City maintains account groups for the schedules of non-current governmental assets and non-current governmental liabilities. Non-current governmental assets include capital assets used in governmental activities, and non-current governmental liabilities include bonds, state loans, and other long-term debt used to finance governmental activities.

4. *Budgets*

The City's procedures for establishing the budgetary data reflected in the accompanying financial statements are as follows:

a. Not later than October 10, the City Mayor submits to the City Council a proposed operating budget for the fiscal year commencing the following January 1.

b. The operating budget includes proposed expenditures and the means of financing them.

c. Public hearings are conducted to obtain taxpayer comments.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4. *Budgets* - Continued

   d. No later than December 1, the budget is legally enacted through the passage of a legislative resolution.

Budgetary controls for certain special grants are established in accordance with the applicable grant agreements, which may cover a period other than the City's fiscal year.

The Mayor is authorized to approve all budget transfer requests not exceeding $500 between the major fund codes within individual departments. Additionally, the Mayor may authorize all budget transfers within major fund codes. All other modifications to the budget must be approved by the City Council.

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded for budgeting control purposes to reserve that portion of the applicable appropriation, is employed in the governmental funds. Open encumbrances at year-end are recorded as reservations of fund balances since the commitments do not constitute expenditures or liabilities. Open encumbrances, after review by the City Council, are added to the subsequent year's budget to provide the modified budget presented in the combining financial statements. Expenditures for such commitments are recorded in the period in which the liability is incurred.

The budget is developed on a basis generally consistent with accounting principles allowed by the NYS Office of the Comptroller. The only significant difference is that the budget treats encumbrances as expenditures, whereas accounting principles allowed by the NYS Office of the Comptroller treat them as reservations of fund balances.

Budgetary controls for the Special Grant Fund are established in accordance with the applicable grant agreements, which cover periods different from the City's fiscal year.

5. *Cash and Cash Equivalents*

The City's investment policies are governed by State statutes. In addition, the City has its own written investment policy. City monies must be deposited in Federal Deposit Insurance Corporation (FDIC) insured commercial banks or trust companies located within the State. The City Comptroller is authorized to use demand accounts and certificates of deposit. Permissible investments include obligations of the United States Treasury and United States agencies, repurchase agreements, and obligations of New York State or its localities.

All deposits shall be fully secured by insurance of the FDIC or by obligations of New York State, or obligations of federal agencies, the principal and interest of which is guaranteed by the United States or obligations of New York State local governments.

The written investment policy requires repurchase agreements to be purchased from banks located within the State and that underlying securities must be obligations of the federal government. Underlying securities shall be valued to market at periodic intervals by the City Comptroller or his/her designee.

Cash and cash equivalents include amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the City.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

6. *Interfund Transactions*

During the course of operations, the City processes transactions that affect more than one fund and other transactions between the various funds. Interfund services provided and used are accounted for as revenues in the provider funds and expenditures in the user funds. Transactions that constitute reimbursements to a fund for expenditures initially made from it that are properly applicable to another fund are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed. Advances or loans from one fund to another are recorded as receivables in the remitting fund and payables in the receiving fund. Other interfund transactions generally represent transfers of resources from one fund to be utilized in another fund and are reported as transfers. Interfund transactions that are unpaid between funds are recorded in the financial statements as due from other funds (receivables) and due to other funds (payables).

7. *Fixed Assets*

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are reported in the schedule of non-current governmental assets.

Accounting principles under the other basis require that all purchased fixed assets be valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated fixed assets are valued at their estimated fair market value on the date received.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Fixed assets are not depreciated nor has interest on construction in progress been capitalized.

8. *Compensated Absences*

During 2017, accumulated vacation for the general, water, and sewer funds personnel totaled $5,307,084, $272,289 and $77,741, respectively. The amounts of vested accumulated vacation leave and compensation time are recorded in the schedule of non-current governmental liabilities in other liabilities. No liability is recorded for nonvesting accumulated rights to receive sick and personal pay benefits.

9. *Other Post-Retirement Benefits*

The City provides health insurance coverage and survivors' benefits for retired employees and their survivors. Substantially all of the City's employees may become eligible for these benefits if they reach normal retirement age while working for the City. Health care benefits and survivors' benefits are provided through a self-insurance program or insurance company contracts with premiums based on the benefits paid during the year. The City recognizes the cost of providing benefits by recording total costs as expenditures during the year paid. The retirees' premium contributions are reported as revenue received during the year.

During the year, approximately $5.3 million was paid on behalf of approximately 470 retirees and survivors and recorded as expenditures in the General Fund. During the year, $129,416 was collected for premiums from these retirees and survivors and recorded as revenue of the General Fund. See Note H for additional disclosures pertaining to retiree postemployment benefits other than pensions.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

10. Fund Balance

The governmental funds report the following classifications of fund balance:

Nonspendable fund balance – Includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact. All amounts reported as nonspendable at December 31, 2017, by the City are nonspendable in form.

Restricted fund balance – Includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation.

Committed fund balance – Includes amounts that can be used for the specific purposes pursuant to constraints imposed be formal action of the City's highest level of decision making authority, i.e., the City Council. The City has no committed fund balances as of December 31, 2017.

Assigned fund balance – Includes amounts that are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed.

Unassigned fund balance - Includes all other general fund amounts that do not meet the definition of the above four classifications and are deemed to be available for general use by the City.

Order of Fund Balance Spending Policy
The City policy is to apply expenditures against nonspendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance at the end of the fiscal year. For all funds, nonspendable fund balances are determined first and then restricted fund balances for specific purposes are determined. Any remaining fund balance amounts for funds other than the general fund are classified as restricted fund balance. In the general fund, committed fund balance is determined next and then assigned. The remaining amounts are reported as unassigned. Assignments of fund balance cannot cause a negative unassigned fund balance.

Reserves represent those portions of fund balance not available for appropriation or legally segregated for a future use. Designated fund balances represent tentative plans for future use of financial resources.

The following reserve funds are utilized by the City. Any capital gains or interest earned on reserve fund resources becomes part of the respective reserve fund. While a separate bank account is not necessary for each reserve fund, a separate identity for each reserve fund must be maintained.

Workers' Compensation Reserve
Workers' compensation reserve (GML §6-j) is used to pay for compensation benefits and other expenses authorized by Article 2 of the Workers' Compensation Law, and for payment of expenses of administering this self-insurance program. The reserve may be established by board action, and is funded by budgetary appropriations and such other funds as may be legally appropriated. Within sixty days after the end of any fiscal year, excess amounts may either be transferred to another reserve or the excess applied to the appropriations of the next succeeding fiscal year's budget. The City had $110,369 in general fund workers' compensation reserves at December 31, 2017.

Insurance Reserve
Insurance reserve is used to pay liability, casualty, and other types of losses, except losses incurred for which the following types of insurance may be purchased: life, accident, health, annuities, fidelity and surety, credit, title residual value, and mortgage guarantee. In addition, this reserve may not be used for any purpose for which a special reserve may be established pursuant to law (for example, for unemployment compensation insurance).

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Order of Fund Balance Spending Policy (Continued)

Insurance Reserve (Continued)
The reserve may be established by board action, and funded by budgetary appropriations, or such other funds as may be legally appropriated.

There is no limit on the amount that may be accumulated in the insurance reserve; however, the annual contribution to this reserve may not exceed the greater of $33,000, or 5%, of the budget. Settled or compromised claims up to $25,000 may be paid from the reserve without judicial approval. The City had $552,261 in general fund insurance reserves at December 31, 2017.

Snow and Ice Removal Reserve
Snow and ice removal reserve (GML §6-f) is used to finance the costs of removal of snow and ice from public thoroughfares and for the repair and maintenance of roadways damaged by the removal of snow and ice. The City had $345,655 in general fund snow and ice removal reserves at December 31, 2017.

Capital Reserve
Capital reserve (GML §6-c) is used to finance the cost of the purchasing equipment, vehicles, apparatus or other capital assets for the use of the City and the reconstruction, rehabilitation or renovation of City owned buildings and facilities. The City had $3,663,949 in general fund capital reserves at December 31, 2017.

Reserve for Debt Service
Reserve for debt was established for the purpose of paying MAC debt service becoming due in the current fiscal year and subsequent fiscal years as required pursuant to the agreement of the MAC made with the holders of the bonds or notes issued pursuant to section three thousand fifty-three of the Financial Control Act.

Reserve for Encumbrances
Reserve for encumbrances represents the amount of outstanding encumbrances at the end of the fiscal year.

NOTE B - CASH AND CASH EQUIVALENTS

At December 31, 2017, the City's cash balances were either insured or collateralized with securities held by the pledging financial institution's trust department in the City's name.

	Bank Balance	Carrying Amount
Cash, including trust funds	$ 41,108,516	$ 39,562,229
Collateralized with securities held by the financial institution's trust department or agent in the City's name	38,798,438	
Covered by FDIC insurance	1,000,000	
Total	$ 39,798,438	
Uncollateralized	$ 1,310,078	

Cash with fiscal agent represents amounts held by the fiscal agent for payment of principal and interest on outstanding obligations held by the MAC in the General and Debt Service Funds.

NOTE C - PROPERTY TAXES

The City's property taxes are levied annually on January 1. The annual City tax levy consists of taxes levied for City purposes based on City budget requirements, County taxes levied within the City for County budget requirements, and relieved unpaid water rents, and sewer rents and recycling container charges. Taxes are due and payable in bi-annual installments on January 1 and July 1. Taxes become delinquent on February 1 and August 1. On November 1, unpaid City and County taxes are enforced through tax liens. Effective January 1, 1995, the City adopted a foreclosure process in accordance with Article 11 of the Real Property Tax Law, as amended by Chapter 602 of the Laws of 1993 and Chapter 532 of the Laws of 1994, whereby unpaid property taxes are allowed to be processed through In-Rem and formal foreclosure proceedings.

The City has established a $1,711,452 allowance for doubtful accounts based on collection history and a review of accounts by management.

In addition to the City tax levy, the City is responsible for collecting the School Districts' taxes levied on property within the City that has been certified as being uncollected by School District authorities.

The School Districts are paid annually by the City for their portion of school taxes which are more than two years old. The General Fund annually reimburses the Water and Sewer Special Revenue Funds in full for uncollected rents. The City only reimburses the County for taxes collected. In the event the City sells any property it has acquired as a result of the nonpayment of taxes in accordance with the Charter of the City, the City will share with the County all losses and gains proportionate to the liens outstanding.

NOTE D - FIXED ASSETS

The following schedule identifies changes to the City's fixed assets for the year ended December 31, 2017:

	January 1, 2017 Balance	Additions	Deletions	December 31, 2017 Balance
Governmental activities:				
Capital assets that are not depreciated:				
Land	$ 1,623,291	$ 79,627	$ -	$ 1,702,918
Buildings and land improvements	50,027,978	1,684,800	-	51,712,778
Machinery and equipment	25,585,409	1,785,743	-	27,371,152
Infrastructure	152,258,608	4,805,981	-	157,064,589
	$ 229,495,286	$ 8,356,151	$ -	$ 237,851,437

The City has assessed the value of its infrastructure and has elected to record it even though there is no requirement to do so under the accounting principles prescribed by the New York State Office of the State Comptroller.

NOTE E - OTHER RECEIVABLES

Other receivables include:

1. Special Grant Fund

The City has made loans to various companies and individuals under the United States Department of Housing and Urban Development programs. The total of commercial and residential rehabilitation loans receivable is $106,568 as of December 31, 2017. At year-end, the City had reserved ($52,762) as an allowance for receivables.

NOTE F - INDEBTEDNESS

1. Short-Term Debt

Liabilities for Bond Anticipation Notes (BANs) are generally accounted for in the capital projects fund. State law requires that BANs issued for capital purposes be converted to long-term obligations within five years after the original issue date. The City had the following BANs outstanding at December 31, 2017:

	Maturity	Interest Rate	Beginning Balance	Issued	Redeemed	Ending Balance
BAN - Tropical Storm Irene	2/9/2018	1.15%	$ 1,363,000	$ -	$ 71,000	$ 1,292,000
BAN - Golf Course Improvement	8/3/2018	0.93%	1,355,000	-	75,000	1,280,000
BAN - Various Equipment	8/3/2018	0.93%	988,000	-	115,000	873,000
BAN - Building Demolition	8/3/2018	0.93%	760,000	-	350,000	410,000
BAN - Court Facilities	2/9/2018	1.15%	1,550,000	-	35,000	1,515,000
BAN - Pawling Ave Traffic Signals	8/3/2018	0.93%	1,275,000	-	1,200,000	75,000
BAN - Sea Wall	2/9/2018	1.03%	452,000	-	75,000	377,000
BAN - Various Equipment	2/9/2018	1.03%	825,000	-	27,000	798,000
BAN - Spring Avenue Bridge	2/9/2018	1.03%	900,000	-	300,000	600,000
BAN - Police Vehicles	2/9/2018	1.15%	375,000	-	-	375,000
BAN - Pedestrian Connector	2/9/2018	1.03%	1,125,000	-	-	1,125,000
BAN - Building Demolitions	8/3/2018	1.29%	-	500,000	-	500,000
BAN - Various Vehicles	8/3/2018	1.29%	-	370,000	-	370,000
BAN - Road Construction	8/3/2018	1.29%	-	500,000	-	500,000
BAN - Sea Wall (2nd Phase)	2/9/2018	2.00%	-	4,000,000	-	4,000,000
BAN - Court Facilities (2nd Phase)	2/9/2018	2.00%	-	1,000,000	-	1,000,000
BAN - South Troy Roadway	2/9/2018	2.00%	-	1,100,000	-	1,100,000
BAN - Bike Trail	2/9/2018	2.00%	-	1,489,000	-	1,489,000
BAN - Abatement/Demolition of New Building	2/9/2018	2.00%	-	226,733	-	226,733
BAN - Powers Park Renovation	2/9/2018	2.00%	-	449,000	-	449,000
			$ 10,968,000	$ 9,634,733	$ 2,248,000	$ 18,354,733

NOTE F – INDEBTEDNESS (Continued)

2. *Lease Purchase Agreement – Energy Performance Contracts*

One June 2, 2011 the City Council passed a resolution authorizing the City under Article 8 of the New York Energy Law which authorizes municipalities and school districts to enter into contracts (Energy Performance Contacts) for the provisions of energy service, including but not limited to, electricity, heating, ventilation, cooling, steam or hot water, in which a person agrees to install, maintain or manage energy systems or equipment to improve efficiency of, or produce energy in connection with building or facility in exchange for a portion of the energy saving and revenues.

As per Section 9-103 of the Energy Law, the City has evaluated and executed two master agreements with Siemens Building Technologies to develop and implement a performance based energy savings and operation plan. Siemens will provide equipment, capital improvements, repairs, ongoing preventative maintenance and other service to improve the efficiency of various City buildings and to improve the efficiency of the Water Treatment Plan as described in the Energy Audit Report.

This master agreement (lease/purchase) for the City buildings indicates a principal payment of $1,648,598 at an interest rate of 4.547% with annual payments to commence on October 1, 2012 and end on July 1, 2029. The master agreement (lease/purchase) for the Water Treatment Plant calls for a principal payment of $946,746 at an interest rate of 4.288% with annual payments to, also, commence on October 1, 2012 and ending July 1, 2027. The master agreement also provides an assurance guarantee that if energy savings do not meet the annual lease payment then the City would not be liable for the annual payment for the year.

3. *Lease Purchase Agreement – Purchase of Fire Equipment*

On December 1, 2011, the City Council passed a resolution authorizing the execution and delivery of a lease purchase agreement to finance the cost of the purchase of a new fire ladder truck for the City of Troy in the amount not to exceed $888,648.

The purchase contract obligated the lessee to expend a $150,000 down payment to be paid from the 2012 City Budget and to pay $738,648 at an interest rate of 4.23% with repayments to commence on March 1, 2013 and end March 1, 2027.

4. *Repayment Agreements*

The repayment agreements between the City and the MAC represent the 1996 capital appreciation bonds refinancing of the 1992 Lease Revenue Bonds in the original amount of $55,589,262, the 1997 refinancing of the 1990 Installment Purchase Debt (Certificate of Participation) in the original amount of $3,425,000, the 1999 issuance for the closing of the City's landfill in the original amount of $5,364,156 (Series 1999A), and the 1999 issuance to provide funds to repay the City's bond anticipation notes to meet the debt service fund requirement and to pay certain costs of issuance in the original amount of $5,205,000 (Series 1999B).

5. *State Clean Water Program*

The City has entered into loan agreements with the New York State Environmental Facilities Corporation (EFC) to finance the cost of improvements to the City's sewer system which were necessary to eliminate the discharge of untreated sewage into the Hudson River. The general obligation serial bonds shown above under the Sewer Fund represent the unpaid balance of these bonds at December 31, 2017.

NOTE F – INDEBTEDNESS (Continued)

6. State Drinking Water Program

The City has also entered into loan agreements with EFC to help finance recent improvements to the City's water system. The general obligation serial bonds shown above under Water Fund represent the unpaid balance of these bonds at December 31, 2017.

7. Maturity Information

The annual debt service requirements to maturity, including principal and interest, for the City's general obligation bonds as of December 31, 2017, are as follows:

	Original Date Issued	Original Balance	Interest Rate %	Final Maturity	December 31, 2017
General Fund					
Capital Lease	09/11	1,648,598	4.55%	07/29	$ 1,274,857
Capital Lease	03/12	738,648	4.23%	03/27	541,172
					1,816,029
Water Fund					
General Obligation	09/99	855,297	0.00%	12/19	100,000
NYS EFC Obligation	12/01	3,390,000	3.25%	12/22	1,067,828
NYS EFC Obligation	07/07	3,136,180	4.63%	09/36	2,260,000
Capital Lease	09/11	946,746	4.29%	07/27	709,701
Drawdowns on debt not closed	2017	1,234,200	-	-	1,234,200
					5,371,729
Sewer Fund					
NYS EFC Obligation	09/04	1,625,890		04/34	1,058,320
Drawdowns on debt not closed	2017	485,439			485,439
					1,543,759
Total general obligation bonds and leases payable					$ 8,731,517

The annual debt service requirements to maturity, including principal and interest, for the long-term obligations and leases as of December 31, 2017, are as follows:

Fiscal Year Ending December 31,	Principal	Interest	Total
2018	$ 582,268	$ 164,664	$ 746,932
2019	610,675	152,911	763,586
2020	586,485	140,580	727,065
2021	618,871	127,970	746,841
2022	643,941	114,172	758,113
2023-2027	2,293,013	441,004	2,734,017
2028-2032	1,366,559	263,770	1,630,329
2033-2036	2,029,705	71,359	2,101,064
	$ 8,731,517	$ 1,476,430	$ 10,207,947

NOTE F – INDEBTEDNESS (Continued)

8. *Debt Service Payment and Funding Requirements – Repayment Agreements*

A summary of the City's bonds and loans payable (Repayment Agreements) with the Municipal Assistance Corporation for the City of Troy as of December 31, 2017 is as follows:

Series 1996B Capital Appreciation Bonds	$ 4,844,289
Series 1196C Capitul Appreciation Bonds	864,600
Series 1999A EFC Loans	650,000
Series 2010A Refunding Bonds	5,115,000
	11,473,889
Bond accretion - Series 1996B and 1996C	12,967,043
Bond premium - Series 2010A	13,575
	$ 24,454,507

A summary of future annual debt service payments on the Repayment Agreements with the Municipal Assistance Corporation for the City of Troy bonds and loans based on the bonds' and loans' year ending is as follows:

Principal**	Interest *	Total	Fiscal Year Ending December 31
$ 6,075,000	$ 236,140	$ 6,311,140	2018
6,165,000	146,939	6,311,939	2019
5,915,000	63,838	5,978,838	2020
5,930,000	41,562	5,971,562	2021
4,635,000	17,550	4,652,550	2022
$ 28,720,000	$ 506,029	$ 29,226,029	

*Net of anticipated interest subsidies on EFC loans.
**Includes Series 1996B and 1996C Capital Appreciation Bonds at their maturity values, with future bond accretion of $4,446,029.

The changes in long-term liabilities of the Repayment Agreements were as follows:

	Beginning Balance	Bond Accretion/ Amortization	Payments	Ending Balance
Bonds and loans payable	$ 29,367,822	$ 1,083,110	$ 6,010,000	$ 24,440,932
Bond premium	31,650	(18,075)	-	13,575
	$ 29,399,472	$ 1,065,035	$ 6,010,000	$ 24,454,507

Total interest paid in 2017 was $3,220,861

NOTE F - INDEBTEDNESS (Continued)

9. Non-Current Governmental Liabilities

The following is a summary of the City's non-current governmental liabilities:

	Beginning Balance	Issued	Retirement / Adjustments	Ending Balance
Government activities				
Bonds and notes payable:				
General obligation debt:				
Serial bonds payable - Water Fund	$ 145,000	$ -	$ 45,000	$ 100,000
NYS EFC payable - Water Fund	1,261,004	-	193,176	1,067,828
NYS EFC payable - Water Fund	2,355,000	-	95,000	2,260,000
NYS EFC payable - Sewer Fund	1,107,210	-	48,890	1,058,320
Drawdowns on debt not closed	-	1,234,200	-	1,234,200
Drawdowns on debt not closed	-	485,439	-	485,439
	4,868,214	1,719,639	382,066	6,205,787
Capital leases payable:				
Capital lease payable - General Fund	583,994	-	42,822	541,172
Capital lease payable - General Fund	1,339,741	-	64,884	1,274,857
Capital lease payable - Water Fund	754,555	-	44,854	709,701
	2,678,290	-	152,560	2,525,730
Total bonds and capital leases payable	7,546,504	1,719,639	534,626	8,731,517
Repayment agreements (a)	29,399,472	663,578	5,608,543	24,454,507
Other liabilities:				
Judgments and claims payable	48,000	-	16,000	32,000
Landfill closure	330,000	320,000	-	650,000
Retirement debt (c)	8,580,428	-	158,736	8,421,692
Retirement obligation - 2016 (d)	476,171	-	476,171	-
Compensated absences	5,377,301	279,814	-	5,657,115
Net pension liability	27,911,874	-	10,251,228	17,660,646
Other post employment benefits (b)	62,390,010	9,040,415	-	71,430,425
Total other liabilities	105,113,784	9,640,229	10,902,135	103,851,878
Total long-term liabilities	$142,059,760	$ 12,023,446	$ 17,045,304	$137,037,902

NOTE F - INDEBTEDNESS (Continued)

(a) Repayment agreements include Capital Appreciation Bonds and accreted interest of $15,350,099.
(b) Postemployment health insurance liability at December 31, 2017, has been adjusted to actuarial computations as prescribed under GASB No. 45. See Note H.
(c) Represents debt for 2010 (2011), 2011 (2012), 2012 (2013), 2013 (2014) and 2014 (2015) amortization for participation in the 2010 Contribution Stabilization Program.
(d) Represents retirement obligation for 2017.

NOTE G – NEW YORK STATE RETIREMENT SYSTEMS

1. Plan Description

The City participates in the New York State and Local Employees' Retirement System (NYSERS), the New York State and Local Police and Fire Retirement System (PFRS) and the Public Employees' Group Life Insurance Plan (Systems). These are cost-sharing multiple-employer retirement systems. The Systems provide retirement benefits as well as death and disability benefits. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law (NYSRSSL).

As set forth in the NYSRSSL, the Comptroller of the State of New York (Comptroller) serves as sole trustee and administrative head of the Systems. The Comptroller shall adopt and may amend rules and regulations for the administration and transaction of the business of the Systems and for the custody and control of their funds. The Systems issue a publicly available financial report that includes financial statements and required other information. That report may be obtained by writing to the New York State and Local Retirement Systems, 110 State Street, Albany, New York 12244.

2. Funding Policy

The Systems are noncontributory except for employees who joined the New York State and Local Employees' Retirement System after July 27, 1976, and prior to January 1, 2010, who contribute 3% of their salary, except that employees in the Systems more than ten years are no longer required to contribute. For employees who joined after January 1, 2010, employees in NYSERS contribute 3% of their salary throughout their active membership. All employees hired on or after April 1, 2012 are in Tier 6. Tier 6 requires all employees to contribute 3% of gross earnings during fiscal year 2012-13. On April 1, 2013, they will be required to contribute a specific percentage on gross income ranging from 3% to 6% for all years of public service after date of membership. Under authority of the NYSRSSL, the New York State Comptroller annually certifies the rates expressed used in computing the employers' contributions. The required contributions for the current year and two preceding years were:

	ERS	PFRS
2017	$ 2,181,251	$ 5,875,063
2016	$ 2,366,579	$ 6,007,795
2015	$ 2,288,470	$ 4,864,254

NOTE G - NEW YORK STATE RETIREMENT SYSTEMS (Continued)

2. *Funding Policy* - Continued

Chapter 49 of the Laws of 2003 of the State of New York was enacted which made the following changes to the Systems:

- Requires minimum contributions by employers of 4.5 percent of payroll every year, including years in which the investment performance would make a lower contribution possible.
- Changes the cycle of annual billing such that the contribution for a given fiscal year will be based on the value of the pension fund on the prior April 1st (e.g., billings due February 2009 would be based on the pension value as of March 31, 2008).

Chapter 260 of the Laws of 2004 of the State of New York was enacted and allows local employers to bond or amortize a portion of their retirement bill for up to 10 years in accordance with the following schedule:

- For State Fiscal Year (SFY) 2004-05, the amount in excess of 7% of employees' covered pensionable salaries, with the first payment of those pension costs not due until the fiscal year succeeding that fiscal year in which the bonding/amortization was instituted.

- For SFY 2005-06, the amount in excess of 9.5% of employees' covered pensionable salaries.

- For SFY 2007-08, the amount in excess of 10.5% of employees' covered pensionable salaries.

The City of Troy has also elected to participate in the Employer Contribution Stabilization Program per Part II of Chapter 57, Laws of 2010, which was signed into law on August 11, 2010. This program gives localities the option to amortize a portion of their annual pension cost. The amortized will be paid in equal installments over a ten-year period and may be prepaid at any time. The portion of the retirement bill that the City has elected to amortize for 2010 (2011) $156,607 for the ERS Retirement System and $316,334 for the Police and Fire Retirement System with a current balance of $5,587 and $152,529 at December 31, 2017, respectfully. The City for 2011 (2012) elected to amortize $964,232 for Police and Fire Employees and $639,484 for the ERS Retirement Systems with a current balance of $362,178 and $546,102 at December 31, 2017, respectfully. The City for 2012 (2013) elected to amortize $814,579 for the ERS System and $1,687,033 for Police and Fire with a current balance of $532,826 and $1,103,509 at December 31, 2017 respectfully. The City for 2013 (2014), elected to amortize $855,721 for the ERS Retirement System and $2,143,704 for the Police and Fire Retirement System, with a current balance of $653,681 and $1,637,566 at December 31, 2017, respectfully. The City for 2014 (2015) also elected to amortize an additional $721,055 for the ERS System and $1,587,399 for the Police and Fire Retirement System, with a balance of $612,875 and $1,349,239 at December 31, 2017, respectfully. The City 2015 (2016) also elected to amortize an additional $249,650 for the ERS System and $615,639 for the Police and Fire Retirement System with a current balance of $235,405 and $580,508 at December 31, 2017, respectfully. The City 2016 (2017) also elected to amortize an additional $721,386 for the Police and Fire Retirement System with a current balance of $649,687 at December 31, 2017. The amortization for 2010 (2011), 2011 (2012), 2012 (2013), 2013 (2014), 2014 (2015), 2015 (2016), and 2016 (2017) are all included in the financial statements as Non-Current Governmental Liabilities.

NOTE G - NEW YORK STATE RETIREMENT SYSTEMS (Continued)

2. *Funding Policy* - Continued

Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions

At December 31, 2017, the City reported a net pension liability of $4,784,440 and $12,876,206 for its proportionate share of the ERS and PFRS net pension liability, respectively. The net pension liability was measured as of March 31, 2017, and the total pension liability used to calculate the net pension liability was determined by the actuarial valuation as April 1, 2016. The City's proportion of the net pension liability was based on a projection of The City's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At December 31, 2017, the City's proportionate share was .0509188% and .6212430% for ERS and PFRS, respectively, which was a change from the proportionate share at December 31, 2015 of .0035104% and .0264171% for ERS and PFRS, respectively. At December 31, 2017, the City recognized deferred outflows of resources and deferred inflows of resources from the following sources:

ERS	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 119,894	$ 726,544
Changes of assumptions	1,634,540	-
Net difference between projected and actual earnings on pension plan investments	955,647	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	430,819
Contributions subsequent to the measurement date	1,635,938	-
Total	$ 4,346,019	$ 1,157,363

PFRS	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 1,689,136	$ 2,224,723
Changes of assumptions	6,343,565	-
Net difference between projected and actual earnings on pension plan investments	1,923,042	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	8,633	800,234
Contributions subsequent to the measurement date	4,406,297	-
Total	$ 14,370,673	$ 3,024,957

NOTE G - NEW YORK STATE RETIREMENT SYSTEMS (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

2. *Funding Policy* - Continued

For the year ended December 31, 2017, the City recognized pension expense of $2,603,765 and $7,379,641 for ERS and PFRS, respectively.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense for ERS and PFRS, respectively:

Plan's Year Ended March 31:		Plan's Year Ended March 31:	
2018	$ 768,727	2018	$ 2,358,970
2019	768,727	2019	2,358,970
2020	711,027	2020	2,215,442
2021	(695,763)	2021	(252,170)
2022	-	2022	258,207
Thereafter	-	Thereafter	-
	$ 1,552,718		$ 6,939,419

Actuarial Assumptions

The total pension liability at March 31, 2017 was determined by using an actuarial valuation as of April 1, 2016, with update procedures used to roll forward the total pension liability to March 31, 2017.

The actuarial valuation used the following actuarial assumptions for both the ERS and PFRS:

Actuarial cost method:	Entry age normal
Inflation:	2.50%
Salary scale:	3.8% ERS, 4.5% PFRS, indexed by service
Projected COLAs:	1.3% annually
Decrements:	Developed from the Plan's 2015 experience study of the period April 1, 2010 through March 31, 2015
Mortality improvement:	Society of Actuaries Scale MP-2014
Investment Rate of Return:	7.0% compounded annually, net of investment expenses

The long-term expected rate of return on pension plan investments was determined using a building-block method in which the best-estimate ranges of expected future real rates of return (expected return, net of investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic of real rates of return for each major asset class are summarized as of March 31, 2017 in the following table:

NOTE G - NEW YORK STATE RETIREMENT SYSTEMS (Continued)

Actuarial Assumptions (Continued)

Asset Type	Target Allocation	Long-term Expected Real Rate of Return
Domestic Equity	36.0%	7.3%
International Equity	14.0%	8.6%
Private Equity	10.0%	11.0%
Real Estate	10.0%	8.3%
Absolute Return Strategies	2.0%	6.0%
Opportunistic Portfolio	3.0%	8.6%
Real Assets	3.0%	8.7%
Bonds & Mortgages	17.0%	4.0%
Cash	1.0%	2.3%
Inflation-indexed bonds	4.0%	4.0%
	100%	

Discount Rate
The discount rate used to calculate the total pension liability was 7.0%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Proportionate Share of the Net Pension Liability to the Discount Rate Assumption
The following presents The City's proportionate share of the net pension liability calculated using the discount rate of 7.0%, as well as what The City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower (6.0%) or 1% higher (8.0%) than the current rate:

ERS	1% Decrease 6%	Current Discount 7%	1% Increase 8%
Proportionate Share of Net Pension Liability (Asset)	$ 15,280,553	$ 4,784,440	$ (4,090,004)

PFRS	1% Decrease 6%	Current Discount 7%	1% Increase 8%
Proportionate Share of Net Pension Liability (Asset)	$ 36,503,296	$ 12,876,206	$ (6,941,139)

NOTE G - NEW YORK STATE RETIREMENT SYSTEMS (Continued)

Sensitivity of the Proportionate Share of the Net Pension Liability to the Discount Rate Assumption (Continued)

Pension Plan Fiduciary Net Position

The components of the current-year net pension liability of the employer as of March 31, 2017, were as follows:

ERS	Pension Plan's Fiduciary Net Position	City's Proportionate Share of Plan's Fiduciary Net Position	City's Allocation Percentage As Determined By the Plan
Total pension liability	$ 177,400,586,000	$ 90,330,250	0.0509188%
Net position	(168,004,363,000)	(85,545,810)	0.0509188%
Net pension liability (asset)	$ 9,396,223,000	$ 4,784,440	0.0509188%
ERS net position as a percentage of total pension liability	94.70%	94.70%	
PFRS			
Total pension liability	$ 31,670,483,000	$ 196,750,659	0.6212430%
Net position	(29,597,831,000)	(183,874,452)	0.6212430%
Net pension liability (asset)	$ 2,072,652,000	$ 12,876,206	0.6212430%
ERS net position as a percentage of total pension liability	93.50%	93.50%	

NOTE H - OTHER POSTEMPLOYMENT BENEFITS

Plan Description. The City administers a single-employer defined benefit healthcare plan (the Plan). The Plan provides for continuation of medical insurance benefits for certain retirees and their spouses and can be amended by action of City subject to applicable collective bargaining and employment agreements. Employees covered include the employees of the CSEA, UFA, PBA, Command and non-represented employees. The plan is open to new entrants. The plan is subject to good faith collective bargaining between City and these covered employees. The Plan does not issue a standalone financial report since there are no assets legally segregated for the sole purpose of paying benefits under the Plan.

Funding Policy. The obligations of the plan members, employers and other entities are established by action of the City pursuant to applicable collective bargaining and employment agreements. The required contribution rates of the employer and the members vary depending on the applicable agreement. The employer currently contributes enough money to the plan to satisfy current obligations on a pay-as-you-go basis. The costs of administering the plan are paid by City. For the year ended December 31, 2017, the City contributed $6,478,509 to the Plan. Some Plan members receiving benefits contribute a percent of their premium costs. Total member contributions were $129,416 for the year ended December 31, 2017.

Annual OPEB Cost and Net OPEB Obligation. The City's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the *annual required contribution of the employer (ARC).* The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

NOTE H - OTHER POSTEMPLOYMENT BENEFITS (Continued)

The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation to the Retiree Health Plan:

Annual required contribution	$ 16,631,344
Interest on net OPEB obligation	2,495,600
Adjustment to annual required contribution	(3,608,020)
Annual OPEB cost	15,518,924
Contributions made	6,478,509
Increase in net OPEB obligation	9,040,415
Net OPEB obligation, beginning of year	62,390,010
Net OPEB obligation, end of year	$ 71,430,425

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year ended December 31, 2017, was as follows:

Fiscal Year	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/2017	$ 16,631,344	39.0%	$ 71,430,425
12/31/2016	$ 17,568,903	34.7%	$ 62,390,010
12/31/2015	$ 15,152,775	37.4%	$ 51,843,564

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The following simplifying assumptions were made:

Measurement Date – January 1, 2016.

Retirement Age For Active Employees - Based on the historical average retirement age for the covered group according to the NY State Retirement System schedule, active plan members were assumed to retire as early as age fifty-five.

Marital Status - 80% of employees are assumed married. Females are assumed to be three years younger than males. Actual spouse coverage information was used for retirees where available.

NOTE H - OTHER POSTEMPLOYMENT BENEFITS (Continued)

Mortality – The sex-distinct RP-2014 Mortality Tables for employees and healthy annuitants, adjusted backward to 2006 with Scale MP-2014, and then adjusted for mortality improvements with Scale MP-2016 mortality improvement scale on a fully generational basis.

Turnover and Retirement Rates - The turnover and retirement rates were updated to use rates from the 2010 NYS Retirement System valuation was used as the basis for developing an expected future working lifetime assumption for purposes of allocating to periods the present value of total benefits to be paid.

Healthcare Cost Trend Rate - The expected rate of increase in healthcare insurance premiums was based on projections of the several insurance providers. A rate of 10% initially, reduced to an ultimate rate of 5% after four years, was used.

Health Insurance Premiums - 2016 health insurance premiums for retirees were used as the basis for calculation of the present value of total benefits to be paid.

Payroll Growth Rate - No salary increases were assumed since benefits are not based on compensation.

Based on the historical and expected returns of the City's short-term investment portfolio, a discount rate of 4% was used. In addition, the projection unit credit cost method was used. The unfunded actuarial accrued liability is being amortized as a level dollar amount on an open basis. The remaining amortization period at December 31, 2017, was thirty years.

NOTE I – INTERFUND TRANSACTIONS

Interfund transactions for the period ended December 31, 2017 are as follows:

	Interfund Activity			
	Due From	Due To	Revenue	Expenditures
Governmental Funds:				
General	$ 1,320,554	$ 1,240,422	$ 881,742	$ 3,090,455
Special Grant	177,379	483,869	649,152	67,421
Water	175	77,880	1,241,353	902,390
Sewer	-	1,772,574	-	1,972,553
Debt Service	700,390	-	700,390	1,081,352
Capital Projects	2,519,986	100,425	4,882,887	1,241,353
Fiduciary:				
Trust and Agency	-	1,043,314	-	-
	$ 4,718,484	$ 4,718,484	$ 8,355,524	$ 8,355,524

NOTE J - CITY AND STATE ACTIONS

During 1994, State legislation (1994 Act) was adopted which allowed the City to sell notes or bonds for the purpose of liquidating cumulative and projected deficits in the City's General Fund under certain conditions contained in the 1994 Act. The 1994 Act also created a Supervisory Board to review and make recommendations on certain financial practices of the City. The five-member Board is headed by the State Comptroller.

The State Legislature amended the 1994 Act (the 1994 Act, as amended during 1995, is referred to as the "Original Financial Control Act") to provide the Supervisory Board with control over the City's financial situation.

During July 1996, the State Legislature adopted Chapters 444 and 445 of the Laws of 1996, which further amended the Original Financial Control Act. The principal purposes of Chapters 444 and 445 were to allow the City to restructure its annual debt services requirements, to reinforce existing controls over the City's authority to contract indebtedness or enter into other long-term financing arrangements, and to strengthen the credit of the MAC. The Original Financial Control Act, as amended by Chapters 444 and 445 of the Laws of 1996, is hereinafter referred to as the "Financial Control Act."

During 1995, the State Legislature created the MAC.

1. The MAC is a corporate governmental agency and instrumentality of the state constituting a public benefit corporation. The MAC Board is made up of five members, three appointed by the Governor, one by the Senate Majority Leader, and one by the Speaker of the State Assembly.

2. The MAC was established for the purpose of providing financing assistance and fiscal monitoring for the City. The Financial Control Act authorized the MAC to provide financing assistance to the City if the Mayor certified to the MAC that funds are required by the City to enable it (1) to pay for any item which is permitted by law to be included in the City's capital budget for the fiscal year for which such certification is made, including payments to reimburse the General Fund for monies advanced and expended for any such item, (2) to pay operating expenses, (3) to liquidate all or a portion of the City's deficits for the years 1993 through 1995, both inclusive, or to pay, at maturity, or on the redemption date, the principal of and interest on obligations of the City issued for such purposes, (4) to acquire, or cause to be acquired, all or a portion of the real or personal property leased by the City pursuant to one or more lease agreements between the City and the LDC, including the financing of the payment of any judgments or comprised or settled claims against the City relating to such real or personal property, (5) to pay at maturity, or on the redemption date, the principal and interest of obligations of the City previously issued to finance any item in the current or any prior fiscal year, and (6) to pay for the costs of the closure of the City's landfill. The Financial Control Act authorized the MAC to issue bonds and notes in an aggregate principal amount of up to $71 million for the purposes set forth in items (1), (3), (4), (5), and (6) just mentioned.

NOTE J - CITY AND STATE ACTIONS (Continued)

3. The refinancing obligations will be general obligations of the MAC payable from the sources described below. Amounts will be subject to a lien including the following:

   a. Amounts to be derived from the sales tax, after those amounts have been appropriated by the state from the Municipal Assistance Tax Fund where they are first deposited, and transferred to the MAC or a trustee;

   b. Amounts to be derived from state aid, after those amounts have been appropriated by the state from the Municipal Assistance State Aid Fund (State Aid Fund) where they are first deposited, and transferred to the MAC or a trustee;

   c. Amounts to be derived from payments made by the State for the purpose of providing a minimum debt coverage ratio of 1.5 to 1, after those amounts have been appropriated by the State from the State Aid Fund where they are first deposited, and transferred to the MAC or a trustee; and,

   d. Any monies or securities held in the funds established under a general resolution (other than (i) the operating fund and (ii) the rebate fund).

The amounts described in a., b., and c. above are required to be paid to the MAC from two special funds established under the State Finance Law and held in the custody of the Comptroller, the Municipal Assistance Tax Fund, and the State Aid Fund. The Financial Control Act requires the Comptroller to make payments from those special funds to the MAC, in accordance with a schedule to be delivered by the MAC annually, as required under the Act and the General Resolution. That schedule, which may be revised from time to time, sets forth the MAC's cash requirements, including debt service payments and amounts required to meet the 1.5:1 debt-service-coverage requirement.

NOTE K - LANDFILL

During November 1993, directives were issued by the state and federal governments ordering the City to discontinue receiving solid waste at their landfill facility. In addition to the stop order, the City was ordered to close the facility and initiate a program to both maintain and monitor the closed site for the following thirty years. The City utilized the services of the MAC to obtain the financing necessary to close the landfill (project) and fund the costs associated with the monitoring requirements. The project was completed during March 1999, and long-term financing has been disclosed under Note F, repayment agreements.

As a means of recognizing the potential cost to the City for the monitoring of the landfill, the City has recorded a non-current governmental liability based on annual projections prepared by its consulting engineers. The amount currently projected is $30,000 per year for the next ten years, for a total of $300,000.

NOTE L - COMMITMENTS AND CONTINGENCIES

1. *Sales and Use Tax*

On April 15, 2015 The City and County entered into a renewed agreement whereby it:

a. Extended the term of the agreement from March 1, 2015 through February 28, 2021;
b. Receive 18.07% of the 3% (Original Tax) local share county wide sales tax distribution for the year 2015-2016 (March 1, 2015 – February 28, 2016) and for the sales tax year 2016-2017(March 1, 2016 – February 28, 2017);
c. Receive 24.37% of the 1%, Additional tax that went into effect September 1, 1994, for the sales tax year 2015-2016 (March 1, 2015 – February 28, 2016) and for the sales tax year 2016-2017(March 1, 2016-February 28, 2017);
d. For the remaining years and as long as the County has the right and authority to impose the additional tax, the City shall receive:
    a. 19.65% of the first $80,000,000, plus 14.35% of sales tax receipts in excess of $80,000,000.00 for the sales tax years 2017-20189 (March 1, 2017– February 28, 2018),
    b. 19.65% of the first 80,000,000, plus 11.70% of sales tax receipts in excess of $80,000,000.00 for the sales tax years 2018-2019 (March 1, 2018 – February 28, 2019),
    c. 19.65% of the first $80,000,000, plus 11.10% of sales tax receipts in excess of $80,000,000.00 for the sales tax years 2019-2020 (March1, 2019- February 28, 2020),
    d. 19.65% of the first $80,000,000, plus 9% of sales tax receipts in excess of $80,000,000.00 for the sales tax years 2020-2021 (March 1, 2020 – February 28, 2021).
    e. If during said agreement should the County lose its right and authority to impose the additional tax, the City will receive 18.07% of sales tax receipt.

2. *Due to Other Governments*

Due to other governments includes:

General Fund

a. The City acts as a tax collection agent for delinquent school taxes for the two School Districts, as well as tax and sewer rents for the County. A liability of $2,839,793 and $4,024,887 respectively, represents the amount owed to these entities at December 31, 2017.

b. The amount of uncollected 1985-2016 County taxes totaling $2,778,222, and the amount of uncollected sewer rent at December 31, 2017, totaling $1,246,665, will be paid only after they have been collected.

NOTE L - COMMITMENTS AND CONTINGENCIES (Continued)

3. *Self-Insurance*

The City has established self-insurance programs for workers' compensation, unemployment, health benefits, and personal injury. The purpose of establishing various self-insurance programs was to minimize the total insurance costs to the City. Management budgets the expenditures in the related funds to the extent they can be projected.

The City uses an outside administrator to process and pay claims made under the health insurance and workers' compensation programs. The health administrator receives $35.23 per contract per month of claims and a $43.11 for individual and $106.49 for family pooling (stop loss) charge per contract per month for health and $3.45 per contract per month for dental. The City also pays a fee of $2,775 per month for medical consulting services and $4,084 per month for workers' compensation consulting services. The health insurance program covers all eligible City employees and their covered dependents up to $150,000 per year per covered individual.

4. *Lawsuits*

The City is party to various legal proceedings which normally occur in governmental operations. The outcome of these proceedings is not expected to have a material effect on the financial condition of the City and management considers its reserves for judgements and claims to be adequate.

5. *Grant Programs*

The City participates in a number of grant programs. These programs are subject to financial and compliance audits by the grantors or their representatives. The City believes, based upon its review of current activity and prior experience, the amount of disallowances resulting from these audits, if any, will not be significant to the City's financial position or results of operations.

6. *Housing Trust Fund Corporation*

The City has several program agreements with the State of New York Housing Trust Fund Corporation (HTFC). Under these program agreements, HTFC funds are awarded to the City on a conditional basis. The City and its subrecipients must satisfy certain conditions prior to HTFC granting a forgiveness of these conditional awards. Until HTFC grants this forgiveness, a contingent liability exists. The City believes that the conditions set forth in the program agreement will be satisfied, resulting in no significant adverse effects on the City's financial position or results of operations.

7. *Federal Loan Guarantee Program*

The City has obtained funds from the United States Department of Housing and Urban Development (HUD) under a federally-sponsored loan guarantee program. The City has loaned these funds for the purpose of community development activities and expects to receive repayment in the future. The City is responsible for repayment to HUD and has pledged future community development block grants to secure repayment.

NOTE L - COMMITMENTS AND CONTINGENCIES (Continued)

8. *City Hall Lease Agreement*

At a meeting of the City Council on June 7, 2012, the City Council authorized the Mayor to negotiate and enter into an agreement with First Columbia, 433 River Street LLC d/b/a Hedley Park Place for the lease of a portion of the Hedley Building for use as City Hall. The terms of said lease is for ten years commencing October 2012 throughout the full term of the lease, but subject to adjustments as provided (i) an annual base rent of $362,892 (being $9.96 x $36,435 rentable square feet) payable $30,241 per month plus (ii) the additional rent. The base rent and the additional rent is to be paid in equal monthly installments in advance of the first day of each month during the term of the lease. The additional rent, when due, the City's "pro rata share" of the landlord's actual increases in landlord's "operating expenses" during any "comparison year" exceeding such operating expenses for the "base year". The parties have agreed that the "pro rata share" percentage to be used is 14.29% (the 36,435 rented space divided by the total building square footage of 254,992). The term "base year" shall mean the calendar year 2012. The City may upon written notice to the landlord not less than two (2) years prior to expiration of the initial term, shall have the option to renew the lease for one (1) successive term of five years upon the same terms and conditions set forth for the initial term, except the base rent for the renewal term shall be equal to ninety-five (95%) percent of the then prevailing market rental rate.

9. *Employee Unions*

The City workforce is predominately represented by the following unions:

Troy Police Benevolent Association (PBA)
Command Officers Association Troy (COATS)
Civil Service Employees Association (CSEA)
Uniformed Firefighters Association (UFA)
Uniformed Fire Chiefs Association (UFCA)
United Public Service Employees Union (UPSEU) .

The status of these collective bargaining agreements is as follows:

Union	Contract Expired	Settled
PBA	12/31/2017	
CSEA	12/31/2011	2/1/2018
UFA	12/31/2016	
UFCA	12/31/2010	
UPSEU	12/31/2014	4/5/2018
COATS	12/31/2017	

NOTE M – PROPERTY TAX ABATEMENT

Payments in Lieu of Taxes Agreements
The City has 32 real property tax abatement agreements entered into by the City of Troy Industrial Development Agency (IDA) and Rensselaer County IDA under Article 18-A of the real property tax law. These agreements provide for abatement of real estate property taxes in exchange for a payment in lieu of taxes (PILOT) in compliance with the IDA's Uniform Tax Exemption Policy. In accordance with the policy, the IDA grants PILOTs in accordance with various activities such as new construction, purchasing of an existing facility, or the improvement or expansion of an existing facility. The IDA also has policies for recapture of PILOTs should the applicant not meet certain criteria. All policies are available from the IDA.

The following information relates to the PILOT agreements entered into under the agreements for the year ended December 31, 2017:

Agreement	Assessed Value	Tax Rate	Tax Value	485B Exemption	PILOT Received	City Tax Abated
Rensselaer County IDA	$ 38,340,000	13.82851	$ 530,185	$ -	$ 197,778	$ 332,407
City of Troy IDA	$ 96,938,000	13.82851	$ 1,340,508	$ -	$ 475,874	$ 864,634

Property Tax Agreement with Housing Development and Redevelopment Companies
The City has seven real property tax abatement agreements with housing development and redevelopment companies organized pursuant to Article V or Article XI of the Private Housing Finance law of the State of New York (PHFL) for the purpose of creating or preserving affordable housing in the City.

Generally, these agreements provide for a 100 percent abatement of real property taxes in exchange for a payment in payment in lieu of taxes (PILOT) based on a percentage of shelter rents, and continue until the property no longer provides the required affordable housing or no longer complies with the requirements of the PHFL.

The following information relates to the PILOT agreements entered into under the agreements for the year ended December 31, 2017:

Agreement	Assessed Value	Tax Rate	Tax Value	485B Exemption	PILOT Received	City Tax Abated
City of Troy	$ 23,845,200	13.82851	$ 329,744	$ -	$ 151,127	$ 178,617

NOTE N - ACCOUNTING STANDARDS ISSUED BUT NOT YET IMPLEMENTED

In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* – a replacement of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions,* as amended *and* GASB Statement No. 57, OPEB *Measurements by Agent Employers and Agent Multiple-Employer Plans.* The objective of this Statement is to establish standards for recognizing and measuring liabilities, expenditures and deferred inflows of resources related to other postemployment benefit plans (OPEB). In regards to defined benefit OPEB plans, this statement defines the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employment service. This Statement also details recognition and disclosure requirements for employers with payables to defined benefit OPEB plans administered through trusts and for employers whose employees are provided with defined contribution OPEB plans. The City is required to adopt the provisions of this Statement for the year ending December 31, 2018, with early adoption encouraged.

In January 2017, GASB issued Statement No. 84, *Fiduciary Activities.* The Statement establishes criteria and focuses on governments that control assets by fiduciary activities, as well as, the beneficiaries with whom a fiduciary relationship exists. The City is required to adopt the provisions of this Statement for the year ending December 31, 2018. Earlier adoption is encouraged.

In March 2017, GASB issued Statement No. 85, *Omnibus 2017.* This Statement addresses practice issues that were identified during the implementation and application of certain GASB Statements, including but not limited to the measurement and application of postemployment benefits. The City is required to adopt the provisions of this Statement for the year ending December 31, 2018. Earlier adoption is encouraged.

The City has not assessed the impact of these statements on its future financial statements.

Management is not able to estimate the extent of the potential impact of these Statements on the City's financial statements.

NOTE O - SUBSEQUENT EVENTS

On January 11, 2018, the City Council passed a resolution authorizing the issuance of $3,500,000 in serial bonds to finance the cost of the reconstruction of the city water system.

On January 11, 2018, the City Council passed a resolution authorizing the issuance of $1,105,000 in serial bonds to finance the purchase of capital improvements and public safety projects.

On February 1, 2018, the City Council passed an ordinance authorizing and ratifying the Memoranda of Agreements by and between the City of Troy and the Civil Service Employees Association, Local 1000, City of Troy unit of the Rensselaer County Local 842 (CSEA – Troy).

On February 1, 2018, the City Council passed a resolution authorizing the issuance of an additional $7,340,000 in serial bonds to finance the cost of the reconstruction of a sea wall.

On April 5, 2018, the City Council passed an ordinance authorizing and ratifying the employment memorandum of agreement by and between the City of Troy and the United States Public Service Employee Union (UPSEU).

On April 5, 2018, the City Council passed a resolution adopting the Sewer Fund Balance Policy for the Combined Sewer Overflow Long Term Control Plan.

On September 6, 2018, the City Council passed a resolution authorizing the issuance of $40,000,000 in serial bonds to finance the cost of the reconstruction of the city water system.

On September 6, 2018, the City Council amending resolution 4 passed by the Troy City Council on September 4, 1997.

OTHER INFORMATION (UNAUDITED)

CITY OF TROY, NEW YORK
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
OTHER BASIS OF ACCOUNTING (UNAUDITED)
FOR THE YEAR ENDED DECEMBER 31, 2017

	Original Budget	*Final Budget*	*Actual (Budgetary Basis)*	*Encumbrances*	*Final Budget Variance with Budgetary Actual*
REVENUE:					
Real property taxes and tax items	$ 25,666,503	$ 25,666,503	$ 25,985,375	$ -	$ 318,872
Nonproperty tax items	16,535,000	16,535,000	17,360,384	-	825,384
Departmental income	5,280,000	5,630,000	5,486,830	-	(143,170)
Intergovernmental charges	265,315	265,915	244,950	-	(20,965)
Use of money and property	74,500	74,500	105,291	-	30,791
Licenses and permits	1,019,000	1,019,000	814,086	-	(204,914)
Fines and forfeitures	1,153,500	1,153,500	1,333,438	-	179,938
Interfund revenues	1,726,106	1,726,106	1,525,316	-	(200,790)
Sale of property and compensation for loss	35,000	86,565	105,071	-	18,506
Miscellaneous local sources	1,240,000	1,249,000	1,602,133	-	353,133
State aid	13,829,463	14,870,754	14,352,843	-	(517,911)
Federal aid	893,434	1,257,196	1,250,310	-	(6,886)
Total revenue	67,717,821	69,534,039	70,166,027	-	631,988
EXPENDITURES:					
General governmental support	9,080,314	8,775,624	7,918,772	44,711	812,141
Public safety	36,208,935	37,018,366	35,513,826	176,199	1,328,341
Public health	178,074	178,074	180,954	-	(2,880)
Transportation	3,539,368	3,688,255	3,908,319	-	(220,064)
Culture and recreation	1,838,574	1,890,247	1,847,883	4,185	38,179
Home and community services	4,276,675	4,320,174	3,975,919	-	344,255
Employee benefits	6,192,314	6,292,314	6,454,869	-	(162,555)
Debt service - principal	4,232,460	4,232,460	4,303,459	-	(70,999)
Debt service - interest	3,013,107	3,013,107	3,013,105	-	2
Total expenditures	68,559,821	69,408,621	67,117,106	225,095	2,066,420
EXCESS OF REVENUES OVER EXPENDITURES	(842,000)	125,418	3,048,921	(225,095)	2,698,408
OTHER FINANCING SOURCES (USES):					
Operating transfers in	2,222,000	2,222,000	881,742	-	(1,340,258)
Operating transfers out	(1,380,000)	(2,465,590)	(3,090,455)	-	(624,865)
Total other financing sources (uses)	842,000	(243,590)	(2,208,713)	-	(1,965,123)
NET CHANGE IN FUND BALANCE	-	(118,172)	840,208	(225,095)	733,285
FUND BALANCE - beginning of year	16,293,559	16,293,559	16,293,559	-	-
FUND BALANCE - end of year	$ 16,293,559	$ 16,175,387	$ 17,133,767	$ (225,095)	$ 733,285

See independent auditor's report

CITY OF TROY, NEW YORK

STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - WATER FUND
OTHER BASIS OF ACCOUNTING (UNAUDITED)
FOR THE YEAR ENDED DECEMBER 31, 2017

	Original Budget	*Final Budget*	*Actual (Budgetary Basis)*	*Encumbrances*	*Final Budget Variance with Budgetary Actual*
REVENUE:					
Departmental income	$ 12,428,000	$ 12,428,000	$ 11,863,747	$ -	$ (564,253)
Intergovernmental charges	35,000	35,000	35,418	-	418
Use of money and property	210,000	210,000	282,665	-	72,665
Licenses and permits	12,000	12,000	12,590	-	590
Interfund revenue	-	-	327,000	-	-
Sale of property and compensation for loss	51,000	51,000	49,389	-	(1,611)
Miscellaneous local sources	91,000	91,000	96,172	-	5,172
Total revenue	12,827,000	12,827,000	12,666,981	-	(487,019)
EXPENDITURES:					
General governmental support	474,158	1,815,511	384,828	-	1,430,683
Home and community services	12,119,846	12,094,209	9,196,372	7,857	2,889,980
Debt service - principal	378,030	378,030	378,030	-	-
Debt service - interest	181,966	181,966	181,966	-	-
Total expenditures	13,154,000	14,469,716	10,141,196	7,857	4,320,663
EXCESS OF REVENUES OVER EXPENDITURES	(327,000)	(1,642,716)	2,525,785	(7,857)	3,833,644
OTHER FINANCING SOURCES (USES):					
Operating transfers in	327,000	1,568,353	1,241,353	-	(327,000)
Operating transfers out	-	(202,000)	(902,390)	-	(700,390)
Total other financing sources (uses)	327,000	1,366,353	338,963	-	(1,027,390)
NET CHANGE IN FUND BALANCE	-	(276,363)	2,864,748	(7,857)	2,806,254
FUND BALANCE - beginning of year	3,684,197	3,684,197	3,684,197	-	-
FUND BALANCE - end of year	$ 3,684,197	$ 3,407,834	$ 6,548,945	$ (7,857)	$ 2,806,254

CITY OF TROY, NEW YORK

STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - SEWER FUND
OTHER BASIS OF ACCOUNTING (UNAUDITED)
FOR THE YEAR ENDED DECEMBER 31, 2017

	Original Budget	*Final Budget*	*Actual (Budgetary Basis)*	*Encumbrances*	*Final Budget Variance with Budgetary Actual*
REVENUE:					
Departmental income	$ 4,269,502	$ 4,669,502	$ 4,193,266	$ -	$ (476,236)
Intergovernmental charges	100	100	-	-	(100)
Use of money and property	500	500	391	-	(109)
Miscellaneous sources	26,600	26,600	-	-	(26,600)
Sale of property	-	-	21,944	-	21,944
Total revenue	4,296,702	4,696,702	4,215,601	-	(481,101)
EXPENDITURES:					
General governmental support	-	-	-	-	-
Home and community services	2,729,484	2,583,327	2,168,368	68,076	346,883
Debt service - principal	48,890	48,890	48,890	-	-
Debt service - interest	25,760	25,760	25,790	-	(30)
Total expenditures	2,804,134	2,657,977	2,243,048	68,076	346,853
EXCESS OF REVENUES OVER EXPENDITURES	1,492,568	2,038,725	1,972,553	(68,076)	(134,248)
OTHER FINANCING SOURCES:					
Operating transfers out	(1,492,568)	(2,092,568)	(1,972,553)	-	120,015
Total other financing sources (uses)	(1,492,568)	(2,092,568)	(1,972,553)	-	120,015
NET CHANGE IN FUND BALANCE	-	(53,843)	-	(68,076)	(14,233)
FUND BALANCE - beginning of year	871,593	871,593	871,593	-	-
FUND BALANCE - end of year	$ 871,593	$ 817,750	$ 871,593	$ (68,076)	$ (14,233)

CITY OF TROY, NEW YORK

BALANCE SHEET - NON-CURRENT GOVERNMENTAL ASSETS ACCOUNT GROUP (UNAUDITED)
(OTHER BASIS OF ACCOUNTING)
DECEMBER 31, 2017

	General Fixed Assets
ASSETS	
General fixed assets	$ 237,851,437
Total assets	$ 237,851,437
LIABILITIES	
Total noncurrent governmental assets	$ 237,851,437
Total liabilities	$ 237,851,437

See independent auditors report.

CITY OF TROY, NEW YORK

SCHEDULE OF FUNDING PROGRESS - OTHER POST EMPLOYMENT BENEFITS PLAN (UNAUDITED)
(OTHER BASIS OF ACCOUNTING)
FOR THE YEAR ENDED DECEMBER 31, 2017

Actuarial Valuation Date	Fiscal Year Ended	(a) Actuarial Value of Assets	(b) Actuarial Accrued Liability (AAL)	(b-a) Unfunded AAL (UAAL)	(a/b) Funded Ratio	(c) Covered Payroll	((b-a)/c) UAAL as a percentage of Covered Payroll
January 1, 2016	12/31/2017	$ -	$ 189,729,217	$ 189,729,217	0%	$ 30,526,076	621.5%
January 1, 2015	12/31/2016	$ -	$ 198,539,783	$ 198,539,783	0%	$ 31,083,702	638.7%
January 1, 2014	12/31/2015	$ -	$ 168,600,944	$ 168,600,944	0%	$ 32,676,319	516.0%

SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET) (UNAUDITED)
(OTHER BASIS OF ACCOUNTING)
FOR THE YEAR ENDED DECEMBER 31, 2017

Last 10 Fiscal Years (Dollar amounts displayed in thousands)

NEW YORK STATE EMPLOYEES' RETIREMENT SYSTEM PLAN - ERS	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Proportion of the net pension liability (asset)	0.0509188%	0.0544292%	0.0556690%	Information for the periods prior to implementation of GASB 68 is unavailable and will be completed for each year going forward as they become available.						
Proportionate share of the net pension liability (asset)	$ 4,784	$ 8,736	$ 1,881							
Covered-employee payroll	$ 12,146	$ 12,551	$ 12,756							
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	39.39%	69.60%	14.75%							
Plan fiduciary net position as a percentage of the total pension liability (asset)	94.70%	90.70%	97.95%							

Last 10 Fiscal Years (Dollar amounts displayed in thousands)

NEW YORK STATE POLICE AND FIRE RETIREMENT SYSTEM PLAN - PFRS	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Proportion of the net pension liability (asset)	0.6212430%	0.6476601%	0.6390066%	Information for the periods prior to implementation of GASB 68 is unavailable and will be completed for each year going forward as they become available.						
Proportionate share of the net pension liability (asset)	$ 19,675	$ 19,655	$ 1,759							
Covered-employee payroll	$ 18,380	$ 18,532	$ 17,628							
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	107.05%	106.06%	9.98%							
Plan fiduciary net position as a percentage of the total pension liability (asset)	93.50%	90.20%	99.00%							

SCHEDULE OF CONTRIBUTIONS - PENSION PLANS (UNAUDITED)
FOR THE YEAR ENDED DECEMBER 31, 2017

Last 10 Fiscal Years (Dollar amounts displayed in thousands)

NEW YORK STATE EMPLOYEES' RETIREMENT SYSTEM PLAN - ERS	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Contractually required contribution	$ 2,181	$ 2,367	$ 2,288	Information for the periods prior to implementation of GASB 68 is unavailable and will be completed for each year going forward as they become available.						
Contributions in relation to the contractually required contribution	2,181	2,367	2,288							
Contribution deficiency (excess)	$ -	$ -	$ -							
Covered-employee payroll	$ 12,146	$ 12,551	$ 12,756							
Contributions as a percentage of covered-employee payroll	17.96%	18.86%	17.94%							

Last 10 Fiscal Years (Dollar amounts displayed in thousands)

NEW YORK STATE POLICE AND FIRE RETIREMENT SYSTEM PLAN - PFRS	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Contractually required contribution	$ 5,875	$ 6,008	$ 4,864	Information for the periods prior to implementation of GASB 68 is unavailable and will be completed for each year going forward as they become available.						
Contributions in relation to the contractually required contribution	5,875	6,008	4,864							
Contribution deficiency (excess)	$ -	$ -	$ -							
Covered-employee payroll	$ 18,380	$ 18,532	$ 17,628							
Contributions as a percentage of covered-employee payroll	31.96%	32.42%	27.59%							

REQUIRED REPORTS UNDER UNIFORM GUIDANCE

Bonadio & Co., LLP
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

September 27, 2018

To the City Council of
City of Troy, New York:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements, which comprise the balance sheet – all fund types and non-current governmental liabilities account group – other basis as of December 31, 2017 of City of Troy, New York (City), and the statements of revenues, expenditures and changes in fund balance – all governmental fund types – other basis as of and for the year ended December 31, 2017, and the related notes to the financial statements, and have issued our report thereon dated September 27, 2018. An adverse opinion was issued on the City's financial statements in accordance with generally accepted accounting principles. Unmodified opinions were reported on the financial statements in accordance with the other basis of accounting.

Internal Control Over Financial Reporting
In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*
(Continued)

Compliance and Other Matters
As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report
The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Bonadio & Co., LLP

Bonadio & Co., LLP
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

September 27, 2018

To the City Council of the
City of Troy, New York:

Report on Compliance for Each Major Federal Program
We have audited City of Troy, New York's (City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2017. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility
Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility
Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program
In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2017.

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(Continued)

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE
(Continued)

Report on Internal Control Over Compliance
Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We identified a deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2017-001 that we consider to be a significant deficiency.

The City's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Bonadio & Co., LLP

CITY OF TROY, NEW YORK

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2017

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Identification Number	Expenditures	Expenditures to Subrecpients
U.S. Department of Housing and Urban Development				
Direct Awards:				
Community Development Block Grants - Entitlement Grant	14.218	B-00MC-36-0109	$ 1,329,744	$ -
Emergency Solutions Grants Program	14.231	S-00MC-36-0007	139,419	139,418
City of Schenectady/ HOME Investment Partnership Program	14.239	M-16-DC-360510	335,493	288,870
Community Development Block Grants - Brownfield Economic Development Initiative - Section 108 Loan Guarantees	14.248	B-00MC-36-0109	1,664,000	-
Total U.S. Department of Housing and Urban Development			3,468,656	428,288
U.S. Department of Justice				
Direct Awards:				
Edward Byrne Memorial Justice Assistant Grant Program	16.738	Various	72,967	-
Passed through NYS Department of Criminal Justice Services:				
Violence Against Women Formula Grant	16.588	2013-WE-AX-0062	151,467	-
Total U.S. Department of Justice			224,434	-
U.S. Department of Transportation				
Passed through NYS Department of Transportation:				
Highway Planning and Construction	20.205	NYS-PIN-Various	205,067	-
NYS Gov Traffic Safety State and Community Highway Safety	20.600	PD-00198-042	266	-
NYS Gov Traffic Safety State and Community Highway Safety	20.600	PD-00373-042	14,594	-
Subtotal CFDA #20.600			14,860	
Total U.S. Department of Transportation			219,927	-
U.S. Department of Homeland Security				
Direct Awards:				
Assistance to Firefighters Grant	97.044	EMW-2013-FO-2076	347,870	-
Assistance to Firefighters Grant	97.044	N/A	281,019	-
Subtotal CFDA #97.044			628,889	
Passed through City of Albany, NY:				
NYS Homeland Security Grant Program	97.067	Various	125,743	-
Total U.S. Department of Homeland Security			754,632	-
Total expenditures of federal awards			$ 4,667,649	$ 428,288

See notes to schedule of exenditures of federal awards
See independent auditor's report

CITY OF TROY, NEW YORK

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2017

Section I—Summary of Auditor's Results

Financial Statements

Type of auditor's report issued on whether the financial Statements are prepared in accordance with GAAP:	Adverse
Type of auditor's report issued on whether the financial statements present fairly in accordance with an other basis of accounting:	Unmodified
Internal control over financial reporting:	
Material weakness (es) identified?	___ Yes _X_ No
Significant deficiencies identified not considered to be material weaknesses?	___ Yes _X_ None reported
Noncompliance material to financial statements noted?	___ Yes _X_ No

Federal Awards

Internal control over major programs:	
Material weakness (es) identified?	___ Yes _X_ No
Significant deficiencies identified not considered to be material weaknesses?	_X_ Yes ___ No
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance?	_X_ Yes ___ No

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
14.248	CDBG – Brownfield Economic Development Initiative - Section 108 Loan Guarantees
14.218	Community Development Block Grants – Entitlement Grants

Dollar threshold used to distinguish between Type A and Type B programs:	$ 750,000
Auditee qualified as low-risk auditee?	___ Yes _X_ No

Section II—Financial Statement Findings
None.

Section III—FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
Finding 2017-001 Community Development Block Grants/Entitlement Grants (CDBG), CFDA #14.218; Grant Period – Year ended December 31, 2017; Finding First Reported as 2016-001

Condition: The City has not updated its cost allocation plan since 2009.

Criteria: The City should update its indirect cost allocation plan to determine indirect costs to be allocated to certain federal programs.

Cause: The City allocated indirect costs to its CDBG grant absent a recent indirect cost allocation plan.

Effect: The City is unable to justify indirect costs allocated to CDBG.

Questioned Costs: Could not be determined.

Auditor's Recommendation: We recommend the City update its indirect cost allocation plan.

Office of the Comptroller Response: The City of Troy contracted with a consultant to prepare a cost allocation plan.

Section IV – Summary Schedule of Prior Audit Findings

Condition: The City has not updated its cost allocation plan since 2009.

Auditor's Recommendation: We recommend the City update its indirect cost allocation plan.

Office of the Comptroller Response/Current Status: The City of Troy contracted with a consultant to prepare a cost allocation plan. This finding was repeated as 2017-001.